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Defeat Of FDR Won't Hurt War

By FULTON LEWIS, JR.

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CHICAGO, April 24.—As for the military prosecution of the war suffering by a change of Presidents, let's analyze it.

Fulton Lewis, Jr.

One of the President's most admirable virtues has been that, except for the most general and broad co-ordination of our war plans with those of other countries, he has left the entire prosecution of the war to the trained military personnel of the Army and Navy. Were he or any other President to do otherwise, it would be suicidal.

If the public is confidently convinced that those same Generals and Admirals will continue to run

(Continued on page 1710)

In This Issue

OHIO SECURITIES section containing information bearing on dealer activities in that State on page 1714. SAVINGS and LOAN ASSOCIATIONS material, with special reference to Indiana institutions, starts on page 1720.

For index see page 1736.

National Income The Measuring Rod Of Our Sales Effort: Fuller

By WALTER D. FULLER*

President, The Curtis Publishing Company

Publisher Declares We Have Learned The Fallacy Of An Economy Of Scarcity And That In Peacetime Ours Was Never A Problem Of Over-Production But One Of Underselling—Says Selling, Not Production, Comes First—Always

The phrase "post-war planning" means different things to different people. I want to begin today by defining what it means to me, and then to suggest some simple practical angles that are necessary for real post-war prosperity.

Walter D. Fuller

To me post-war planning is part of winning the war, almost as much as it is necessary to win the peace. Surely the morale of our servicemen can best be sustained by concrete evidence that there is certain to be a future worth fighting for. Also, post-war planning is that part of winning victory in this war which gives tangible evidence to the men and women on the production line that instead of working themselves out of a job they are producing for a happier America, for themselves and everyone else, with peace, prog-

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*An address delivered by Mr. Fuller before the New York Chapter of the Chartered Life Underwriters, New York, N. Y., on April 21, 1944.

(Continued on page 1716)

The Gold Premium In The East: Is It A Portent?

By HERBERT BRATTER

Large wartime increases in the prices of gold and silver abroad have been reported in news dispatches from time to time. Such reports from India, Iran, Egypt, Turkey, Mexico and Argentina have given rise to speculation that similar price increases here are a possibility. Sometimes, there seems to be not merely wonder, but hope that American bullion prices will be "brought into line."

Herbert M. Bratter

What is happening to bullion prices abroad, therefore, is of more than mere academic interest to America; for here gold and silver are basic to the currency system and, barely a decade ago, the Government saw fit to respond to organized clamor and make those two metals still more "precious."

In this article it is proposed to outline in some detail the situation as to gold in India: the market premium on gold, the reasons for the official policy of selling gold to the public there, the effectiveness of that policy, and its internal repercussions. Much that is true of the Indian premium on gold is true also of that in other countries. And a great deal that can be said about the price of gold can also be said about the price of silver abroad.

First, what are some of the statements that are being made here?

As Seen from Afar

An example of what western gold miners are reading is an article in the Nevada State Journal, Reno, of March 23, 1944. It bears the caption: Prices of Gold and Silver in Foreign Markets Induce

(Continued on page 1726)

The Outlook For The Interest Rate

By CLAUDE L. BENNER*

Vice-President, Continental American Life Insurance Company

Life Insurance Executive Holds That If A Period Of Business Expansion And Prosperity Follows The War Conditions That Caused Low Interest Rates Of Thirties Will Disappear—Avers Rise In Interest Rates In Peacetime Should Not Be Construed As A Source Of Danger But One Of Satisfaction

At the outset may I state that my discussion is going to be directed primarily to the factors controlling the long-term interest rate. I am going to pay only passing attention to such short-term rates as are commonly found on acceptances, notes, bills or commercial paper. I am going to do so because the interest rate on mortgages is the one in which you are primarily interested and this mortgage rate is more nearly analogous to the long-term rate on bonds than it is to any of the other interest rates commonly found in the money market.

Claude L. Benner

Morever, the short-term interest rate fluctuates more widely

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*An address delivered by Mr. Benner at a meeting of the Mortgage Bankers Association of America on April 14, 1944, at the Hotel Biltmore, New York City.

(Continued on page 1724)

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Full Employment After The War

Harvard Economist Maintains Increase In Productivity So Vast Since Boom Years Of The Twenties That Should We Permit Our Income To Fall Again To 1929 Level We Should Have 18 To 20 Million Unemployed—Urges Mapping Of Program Designed To Achieve Economic Stability And Full Employment—Favors Public Works That Will "Enlarge Private Investment Opportunities"

By ALVIN H. HANSEN*
Professor of Economics, Harvard University, Special Advisor to the Board of Governors of the Federal Reserve System

1. Full employment after the war, can we achieve it? No one can fail to be impressed, I think, with the magnitude of the problem. We have witnessed the prodigious output of war material and equipment with an amazingly high volume of agricultural products and of civilian goods despite the fact that 10 million of our best workers have been withdrawn into the military forces. Prior to the war, no one had even an inkling of the productive capacity of this country. The gross national product in 1943 was twice that of 1939. The increase in productivity since the high boom year of the twenties is so vast that should we permit our income to fall again to the 1929 level—the peak boom year—we should have from 18 to 20 million unemployed.

Alvin H. Hansen

These facts indicate the magnitude of the problem. Moreover, increases in man-hour productivity are continuing at an unabated pace. Unless our income continues to rise with every increase in productivity, unemploy-

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* An address delivered by Prof. Hansen before the American Federation Post-war Forum at the Hotel Commodore, New York City on April 12, 1944.

(Continued on page 1715)

The Menace Of Post-War Silver

By A. M. SAKOLSKI, City College, New York

Silver, as a monetary factor, has been a problem in the United States for over three-quarters of a century. And it is likely to be a serious post-war problem. At present, little attention is being paid to the question. Perhaps, this is because international monetary stabilization discussions ignore the position of silver as a monetary medium. The lack of interest may also be due to the fact that none of the great powers now use silver as a metallic monetary base, and, therefore, the problem is considered purely as an academic one, and applicable only to the United States.

A. M. Sakolski

However, new economic conditions throughout the world will exist after hostilities cease, and silver, as a source of "hard money" supply, may assume a new position; perhaps a position of more importance because of the scarcity or absence of gold reserves in many countries. On the other hand, a universal adoption of an international currency based on gold may lead to the complete elimination of silver as a monetary base, in the few countries where it still feebly operates in this capacity. This is more likely to be the outcome.

With the possible exception of China and India, the United States is the only important nation in which silver is recognized as a part of the metallic reserve upon which the value and the redemption of its currency is based. Under our present monetary system,

(Continued on page 1718)

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Magid Named Director Of Empire Steel Corp.

Samuel E. Magid has been elected a director of Empire Steel Corporation of Mansfield, Ohio, formerly the Empire Sheet & Tin Plate Company. Mr. Magid is Vice-President of Hill, Thompson & Co., New York investment bankers, and a director of Richmond Ice Company, Raleigh-Hopewell Ice & Coal Company, and Vice-President and Director of American Sealcone Company.

Samuel E. Magid

Gude, Winmill & Co. To Admit Geo. Watson

George E. Watson, Jr., member of the New York Stock Exchange, will become a partner in Gude, Winmill & Co., 1 Wall Street, New York City, members of the New York Stock and Curb Exchanges, as of May 1st. Edna B. Morris will become a limited partner in the firm as of the same date.

Mr. Watson was formerly an individual floor broker in New York and prior thereto was a partner in Watson, Armstrong & Co.

Earle Land Member Of N. Y. Security Dealers

At a meeting of the Board of Governors of the New York Security Dealers Association held on April 19, 1944, Earle E. Land, Green, Ellis & Anderson, New York City, was elected to membership in the Association.

The membership of L. J. Goldwater & Co., Inc. was transferred to L. J. Goldwater & Co., a copartnership with Leo J. Goldwater continuing as representative.

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Current Results Of Poll Of NASD Members On 5% Mark-Up Rule

The results of the "Chronicle" poll of all members of the National Association of Securities Dealers on the latter's 5% mark-up rule, as of last night (April 26) show little change from the figures that prevailed on April 19. The returns now read 835 **opposed** and 148 in favor of the rule. In connection with the survey, reference is made to the fact that, starting on page 1708, we publish another group of comments made by Association members on the effect of the rule on the market for securities of the nation's smaller corporations. The bulk of these letters express the opinion that the rule will virtually close the capital markets to such enterprises.

As to the standings of the poll as of April 26, they are shown herewith:

RETURNS FROM NASD MEMBERS

Total Ballots Cast	983	
Number Favoring 5% Rule	148 or	15.1%
Number **Opposed** to 5% Rule	835 or	84.9%

A Doctrine Lost In Practice

NASD "Code of Procedure" Unjust In Its Operation

We have on occasion inveighed against administrative bodies because of their many faceted activities in acting as complainant, investigator, prosecutor, and judge. Is it unreasonable to believe that such bodies, having a stake in the result of successful prosecutions, are thereby both consciously and subconsciously induced to a state of excessive zeal under which the rights of citizens are frequently submerged?

A persistent evil that dogs those appearing before these units is the absence of uniformity in their rules of practice. Some have no code that can be dignified with the term "rules." Amongst others the variations are constantly confusing, subject to frequent modification, and sometimes dependent upon the caliber of the individual, or individuals pro tem who head the instant bureau.

The laws and rules of evidence which have characterized court practice for centuries are seldom if ever observed. In fact, some of these agencies have a positive edict that observance of the rules of evidence is not required. Top this with court rulings that when these administrative bodies make findings of fact as the result of a trial, even though these findings be against the weight of the evidence, if there is some evidence to support them, such findings will ordinarily not be disturbed, and you have a vicious bureaucratic set-up existing today, which is enlisting some of our nation's best minds for remedial action.

The Maloney Act which gave birth to the NASD created

(Continued on page 1733)

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Free Enterprise

How It May Be Unshackled
An Answer To A New Deal Threat

By E. S. PILLSBURY*

Speaking at a post-war conference of independent enterprise, of the American Business Congress, in New York, on March 17th, Vice President Henry A. Wallace, evidently representing the New Deal, is quoted in the March 23rd issue of the "Commercial and Financial Chronicle" as follows:

E. S. Pillsbury

"It was part of the American tradition for more than 100 years that every man could make a living and prosper if he worked hard and was honest"—in 1930, however, Mr. Wallace continued, "innumerable business men found themselves bankrupt and millions of men also who were anxious to work could find no jobs. There were 10 million unemployed in the United States in 1932, and the savings of millions were wiped out, and countless thousands had lost their homes."

In a later interview, Mr. Wallace is quoted in the press as follows:

"Private enterprise will be given every opportunity to function on its own. But we must keep in mind that the people will not **tolerate** unemployment. They will expect and **demand** full employment at good wages." (Emphasis supplied.)

Conceivably, an economic system might function for five, ten, or even 20 years, as a consequence

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*Mr. Pillsbury is President of the Century Electric Co. of St. Louis.—Editor.

(Continued on page 1728)

How To Guarantee A Depression In The Post-War Era

By DR. IVAN WRIGHT
Professor of Economics, Brooklyn Callege

The present quarrel over underwriting agreements and their legal status seems to me to have far-reaching implications. Unless the difficulties are cleared in the near future this situation could be the cause of a log-jam in the capital markets which would gurantee a business depression instead of reconstruction in the post-war years. At the present time the private capital markets are subdued as a result of government war financing. But when the war is over or the end is in sight the private capital markets should take over the traditional functions of private financing and providing the capital for the rebuilding of private enterprise. Recently I have seen in the news items various estimates of the need for private capital in the immediate post-war years. These estimates may not be well thought out but they run from 12 to 50 billion dollars, yes, even 100 billion dollars. It is said that this capital will be needed for reconversion, new plants, expansion, new industries, and to provide the necessary production to meet the consumer demand for peace-time goods. Without having in mind any definite figure, past history indicates that the post-war demand for new capital will be huge. This capital can only come from private surplus, savings, and the accumulations of investors. The capital wanted will be of all varieties, from high-grade investments with the minimum of risk to speculative ventures in new enterprises with an unknown future. Fortunately, in

Dr. Ivan Wright

(Continued on page 1729)

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Small Business Seen Chief Victim Of NASD's 5% Mark-up Rule

Closing Of Capital Markets To Smaller Enterprises Inevitable, If Measure Remains In Effect, Dealers Hold

It is possible to give in today's issue, starting further below, some more of the comments made by members of the National Association of Securities Dealers regarding the effect of the Association's 5% mark-up rule on the market for securities of the smaller corporations of the country. These expressions have been received incident to the poll conducted by the "Chronicle" to ascertain the exact attitude of both members of the NASD and non-member dealer firms towards the organization's attempt to change, on its own volition, trade custom and usage in the securities business. Insofar as non-members are concerned, the returns showed that 93% are opposed to the rule. In the case of member firms, the current results of the balloting from this source, which will be found on page 1707, once again emphasize that an overwhelming percentage of the Association's membership is opposed to the rule.

Regarding the effect of the rule on the nation's smaller enterprises, with respect to their ability to finance capital requirements, the bulk of the expressions made on the subject by NASD member firms leads to but one conclusion. It will make it extremely difficult, if not impossible, for such enterprises to market new securities and also materially damage the market for their existing obligations.

In connection with the comments given herewith (others were given in our issues of April 13 and April 20), it should be noted that the name of the city or town preceding the dealer's comments was obtained from the post-mark appearing on the envelope in which the questionnaire was returned. In cases where publication of the name of the community would tend to identify the firm (as in places where only one firm exists), the point of origin is indicated by using the phrase, "A Small Maine Town," as an example, or its equivalent.

A SMALL UPSTATE NEW YORK TOWN

It is our opinion that the 5% rule gross profit as instigated by NASD, will have the effect of destroying small corporation securities. These securities would be neglected if it was not for the efforts of the dealers and their salesmen in bringing them to the attention of their clients.

It should be realized that the average investor is rather a passive individual, not as a rule taking any initiative action in buying securities, but rather investing on the advice of the salesmen. The dealer's position, having to foot the expense of overhead and the salesman's living, and traveling, as, in our case, many miles to see the client, could not afford to do this work for 5%.

We distribute many prospectus issues, but, after the distribution, these securities would be kicking around at less than half their real value, to the detriment of the investor if it was not for the dealer's work in resale.

We have been in this business 24 years and have charged 10% or less for our work in "over-the-counter securities." Since the new rule of 5%, we have not done any further of this kind.

The capitalist system has been on trial for some time, and if it is ever destroyed, it will be due to the selfish individuals who are responsible. It is our opinion that there is a distanct attempt to destroy the small dealer, who has done much towards the growth of this country. We have in our day helped to establish many corporations now employing thousands of workers and paying taxes to the government.

Until there is a well-defined opposition to the present dictatorial rule, we would prefer that our name not be published.

ST. LOUIS, MO.

Will seriously retard sale of securities of smaller corporations.

BOSTON, MASS.

Our opinion is that the financial markets will be so restricted as to make it difficult for small corporations to obtain help. Free enterprise is at stake and we cannot afford to hamper industry after the war when the need for employment will be of paramount importance.

SEATTLE, WASH.

It is impossible to sell the securities of inactive and small corporations, pay salesmen commissions, and overhead, on a 5% mark-up regulation. Sometimes the effort required to make such sales is very great and such a low mark-up would not begin to compensate for the time and expense. To my way of thinking, the NASD sold us down the river when they made such a rule. There are many small companies in this part of the country, little known,

(Continued on page 1730)

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Named President Of Texas Company

Announcement was made of the election April 25 of Col. Harry T. Klein to the Presidency of the Texas Company, as successor to W. S. S. Rodgers, who was made Chairman. The latter will remain as Chief Executive Officer of the company. Mr. Klein was formerly Executive Vice-President and General Counsel.

Col. Harry T. Klein

R. L. Saunders was appointed Vice-President and will also continue in his capacity as Secretary. O. J. Darwin, former Associate General Counsel, was promoted to General Counsel of the company.

Jerome Melniker Co. To Be Formed In N. Y.

Effective May 1st, the New York Stock Exchange firm of Jerome Melniker & Co. will be formed with offices at 61 Broadway, New York City. Partners in the firm will be Jerome Melniker, member of the Exchange, and Walter Seligman. Mr. Melniker was formerly a partner in Mervin Ash & Co., with which he had been associated for many years. Mr. Seligman was a partner in William B. Anderson & Co. and prior thereto in J. & W. Seligman & Co.

Milton Kaplan Heads Dept. For Bittner Co.

Bittner & Co., 80 Broad Street, New York City, announce that Milton Kaplan is now associated with their firm in charge of the reorganization securities department. Mr. Kaplan was formerly manager of the trading department for The Kenwood Investing Corporation.

Ins. Situations Look Good

The current situations in American Fidelity and Casualty Company and American Surety Company offer interesting possibilities according to circulars just issued by Huff, Geyer & Hecht, 67 Wall Street, New York City. Copies of these circulars may be obtained from Huff, Geyer & Hecht upon request.

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Edward P. Field To Be Williston Partner

Edward P. Field will become a partner as of May 1st in the New York Stock Exchange firm of J. R. Williston & Co., 115 Broadway, New York City. Mr. Field, a member of the Chicago Board of Trade, was previously a partner in Gude, Winmill & Co., Winthrop, Whitehouse & Co., and Whitehouse & Co.

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America's Place In World Affairs

By Hon. JOHN W. BRICKER*

Presidential Aspirant Holds A Cooperative Organization Of Sovereign States Bent Upon Peace And Supported By A Will For Peace Among Their Peoples, Can Solve The International Problems That Lead To War—Would Avoid "All Visionary" Monetary Stabilization Plans Such As The Keynes And White Plans And Declares Best Hope Of Future Lies In Return Of World In Due Course To The International Gold Standard

For the second time within the brief span of our generation, America is involved in a grim and bitter world war. We were caught shamefully unprepared. But today, after months of anxiety and preparation, the tide of battle is running strongly in our favor. Our country again is demonstrating the prowess of her fighting men and the potency of her industrial system. Tough fighting and hard work are ahead. But we shall carry on, with increased determination, until Germany and Japan are decisively defeated.

John W. Bricker

I.

We well may pause to speculate concerning the reason for our involvement in these two world wars. We had no territorial ambitions. We had no major quarrels with other nations.

America was settled by people who sought to be free from the interminable wars between the coalitions and alliances of the Old World. But to their disillusionment and sorrow, even in colonial days, they discovered that the New World was an ever-present pawn in the imperial ambitions and rivalries of the European powers.

Whatever may explain our early involvements, I have no doubt as to the principal forces that involved us in World Wars I and II. We were drawn in because we had become of such great importance in world affairs, economically and politically, that we could not escape involvement. Neither Germany in the last war, nor Germany and Japan in this war, could hope to achieve world domination so long as the United States stood strong and free in this hemisphere.

The simple truth is that we have always had a tremendous stake in world order and stability. Yet our national consciousness of our commanding place in world affairs has not kept pace with our own national progress. We have not kept ourselves alert to developments threatening world order. And we have not kept ourselves prepared to deal with them before they attained world-shaking proportions.

Instead of accepting, with intelligent self-interest, a degree of responsibility for world events commensurate with our rank, we have allowed events to control us. Almost a half century ago, we assumed obligations in the Pacific. We accepted a direct responsibility for protecting the Philippines. The present administration failed to fulfill this obligation in the face of Japan's growing power.

During the past decade we have unwisely pursued a course of day-to-day diplomacy. Hitler seized the reins in Germany about the time the New Deal came into power. Though the threat to world peace was widely recognized, our government did not exercise ordinary prudence for our national security. We squandered our substance in boondoggling and took no heed of the gathering war clouds. The present administration sought to appease Japan by selling to her scrap iron and oil, in spite of Ambassador Grew's warnings as to the intentions of her war lords. This policy was continued until late in 1940. Our sons are receiving back those materials today, in bullets and death.

II.

Any approach to the future foreign policy of this country, I believe, should be based upon three inescapable premises.

First, our civilization cannot survive if it continues to engage in legalized mass murder every generation or two. It must not pervert its scientific discoveries into instruments of destruction. No Napoleon, no Hitler, no Japanese war lord, nourishing overweening ambition, should ever again be permitted to force catastrophe on the world.

Second, we in America must recognize, in view of our vast expanse of territory, our population, our natural resources, and our scientific skills, that we must share responsibility for world order as a matter of self-interest. I have said before and I repeat now: "If we do not, after the present most destructive of wars, make a serious effort to build a better understanding among nations, then we must stand convicted before posterity as ignorant, heartless and unworthy reactionaries."

Third, we must assume our responsibilities realistically. The pages of history record many plans for preserving peace. From

(Continued on page 1734)

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*An address delivered by Governor Bricker before the Ohio Society of New York at the Hotel Pennsylvania in New York City, April 25, 1944.

The "Cartel" Problem

By GILBERT H. MONTAGUE*

"Cartel" is the newest epithet in the anti-trust vocabulary.

This word has now been so overworked that it is fast losing all its sting.

This point was reached last January, when a motor carrier consolidation, which had been expressly authorized by the Interstate Commerce Commission after full hearings, report and argument, and later had been unanimously approved by a statutory three-judge court after full hearing and argument, and later after appeal and argument before the Supreme Court had been approved in an exhaustive Supreme Court opinion, was nevertheless called a "cartel" by the two dissenting Supreme Court Justices.

Gilbert H. Montague

"Cartel" means today, therefore, merely something that somebody happens to dislike.

Most of the international trade agreements attacked as "cartels" by the Department of Justice rest on patent license limitations and conditions based on Supreme Court decisions whose authority was unquestioned before 1938.

Since 1938 the Supreme Court has been narrowing its interpretation of the patent laws, and stretching its interpretation of what the anti-trust laws forbid, so that today there is legal doubt about limitations and conditions in patent agreements which before 1938 rested securely on Supreme Court decisions in which had concurred such percursors and stalwarts of the New Deal as Justice Hoimes, Justice Brandeis and Justice (now Chief Justice) Stone.

In this new area into which the Supreme Court has been beckoning and leading since 1938, it is hardly strange that the Department of Justice is now instituting many new prosecutions.

Deficient in petroleum, rubber, quinine and numerous other materials essential in case of war, and deficient also in sea power by which to import them in case of embargo or war, Germany concentrated for many years on chemical research and production synthetically on a commercial scale of products or substitutes of these materials.

With respect to these strategic materials, German universities have graduated more chemists, and German governments have aided more chemical research and production on a commercial scale than any other nation in the world.

America and Great Britain did not concentrate on these things, because for a small fraction of the cost of producing these synthetics America and Great Britain could produce or import the natural materials themselves, and because America and Great Britain, unlike Germany, were always confident that their sea power would enable them to import any materials they did not themselves produce.

Because of all this, German chemical companies led the world in chemical research and production synthetically on a commercial scale of products and substitutes of petroleum, rubber, quinine and other strategic materials, and the governments of every nation in the world, especially the United States and Great Britain, in consideration of the public disclosure of these German inventions, were issuing in the 1920's and 1930's to German chemical companies and their nominees thousands of patents covering thousands of German inventions.

If "Patents for Hitler" had been "Germany's Master Plan," those German chemical companies should have kept for themselves the patents they thus obtained from the governments of the United States and Great Britain and every other nation in the world.

Just the opposite happened, however.

Throughout the 1920's and 1930's American industrialists, now defamed by the authors of these books, articles, statements and speeches as traitors or saps or both, succeeded in obtaining from the "supermen" and "herrenvolk" directing these German chemical companies, now acclaimed by Dr. Goebbels, and these authors as the intellectual and business masters of these American industrialists, the right and "know how" to develop and improve upon and manufacture on a gigantic scale German inventions covered by these German-owned patents.

This has enabled America in its hour of greatest need to produce 100-octane aviation gasoline now used by all bombers and fighters of the United Nations, and buna synthetic rubber, which is the chief part of the Government's present synthetic rubber program, and substitutes for quinine like atabrine, whose production has been raised from 5,000,000 tablets annually before this war to over 1,000,000,000 tablets in 1943, without which American troops could not take the field against the Japs in the Solomon Islands or New Guinea or China or in any other malaria-infested region of the world.

To obtain for American industry the right and "know how" to use the German inventions covered by these German-owned patents, American industrialists had to come to terms with the German companies owning these patents.

If all that a German company would grant was a right and "know how" under a United States patent, the American industrialist had no right to manufacture or sell in South America, for a United States patent, is of course limited to the United States.

(Continued on page 1730)

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*An address made by Mr. Montague, a member of the New York Bar, before the Institute on Post-War Reconstruction, New York University, New York City, April 19, 1944.

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BALTIMORE, MD.—Stein Bros. & Boyce, 6 South Calvert Street, members of the New York and Baltimore Stock Exchanges, announce that Tilghman H. Sharp has recently joined their organization. Mr. Sharp, a graduate of the University of Virginia, has been a resident of Baltimore for nearly 20 years. He was formerly associated with Jenkins, Whedbee & Poe, and for the past 12 years he has been a member of the investment analysis staff of the Safe Deposit and Trust Company of Baltimore.

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Eberstadt Offers 35,000 Shares Of Westvaco Stock

F. Eberstadt & Co. headed the underwriting group that offered April 26 35,000 shares of the Westvaco Chlorine Products Corp. $4.25 cumulative preferred stock (no par) at $101.50 and accrued dividends a share.

Others in the underwriting group are Eastman, Dillon & Co., the Lee Higginson Corp., Coffin & Burr, Inc.; Riter & Co.; E. H. Rollins & Sons, Inc.; G. H. Walker & Co.; Paine, Webber, Jackson & Curtis; The Milwaukee Co.; The Wisconsin Co.; Ames, Emerich & Co., Inc.; Laurence M. Marks & Co.; Alex. Brown & Sons; Equitable Securities Corp.; Moore, Leonard & Lynch; Schwabacher & Co.; Starkweather & Co.; Spencer Trask & Co.; Whiting, Weeks & Stubbs, Inc.; Hornblower & Weeks; Kebbon, McCormick & Co.; Stix & Co.; Boettcher & Co.; Brush, Slocumb & Co.; Davis, Skaggs & Co., and Stein Bros. & Boyce.

Proceeds will be used for one or more of the following purposes: Enlarging and improving plants and processes, building plants to make new products, acquiring and converting plants owned by the Government now operated by the company and increasing working capital.

The $4.25 preferred stock will be redeemable in whole or part at $105 a share until April 1, 1949, and thereafter at $102.50. In addition to the new $4.25 preferred, the company will have outstanding 56,003 shares of $4.50 cumulative preferred and 353,132 shares of common, no par value. Sales for the year to Jan. 1 last were $18,177,377 and net was $1,176,529.

"SUGGESTIONS"

We will be pleased to make suggestions
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Real Estate Securities

Quality Yardstick And Its Relation To Real Estate Bonds

By JOHN WEST

One of our leading statistical services in evaluating bonds for the purpose of assigning quality ratings, divides their analysis into three broad fundamental groups:

(1) Earning Power
(2) Financial Resources
(3) Property Protection

The service has enumerated the groups in the sequence of what, in their opinion, is the importance of each item. We quote them: "Earning Power is the most important of the three; Financial Resources next, while Property Protection is the least important. No matter how much property there is behind an issue, it is the earning power of the enterprise which measures the obligator's ability to accumulate funds to pay principal and interest, or, if refunding is necessary, at maturity, or advantageous at other times."

They recite further that Finances, given second place in the group of factors, are a measure of the company's solvency and give a good indication of whether it can ride through a depression period or finance expanding business.

Property Protection, they say, merits considerable weight, but not so much as Earning Power or Financial Resources. According to them, it measures the conservatism of the funding.

The service has established 11 different ratings for bonds. Their first rating, in their opinion, relates to bonds which show the ultimate degree of protection in all respects. According to this service, the top rating represents the highest grade corporation bond available.

Fifth rating is given to bonds regarded as lower medium grade, since they have some investment characteristics, though not enough to warrant an investment rating, while sixth rating is given for bonds where essentially speculative characteristics clearly govern.

Fifth or six ratings were the highest we have ever noticed given to a Real Estate bond.

We have no quarrel with this investment service; as a matter of fact, we think they give excellent service to both dealers and the public.

At the inception of this column, about two years ago, we called "Real Estate Bonds a neglected security." We still feel the same way and have merely introduced these "quality ratings" to illustrate how a little more investigation of real estate securities might be very profitable to dealers.

For instance, rated in sixth place, according to the service in question, is a bond called the Hotel Taft 5s, 1947. Only last week the newspapers carried the announcement that a new mortgage loan had been arranged with the Penn Mutual Life Insurance Company of Philadelphia for this property and that the bond issue would probably be paid off.

Let us take this issue step by step and see if you do not agree with the writer that real estate bonds are not receiving the attention they are entitled to.

First, the bond has now been refunded at a 1% lower interest rate, immediately falling into and meeting the requirement of property protection, because lower interest rate refunding is surely the best measure of the conservatism of its funding.

Second, as proof of earning power, since the bond was issued in 1937, see how well interest was earned (times earned): 1943, 3.47; 1942, 2.82; 1941, 2.56; 1940, 2.88; 1939, 2.54; 1938, 1.87. In addition, they paid the bondholders $253,065 in scrip at par and cancelled enough bonds during this time by sinking fund operation, to reduce the issue from $4,088,300 to $3,255,741.

Yet, this 5% bond has sold as low as 93 this year, and in 1938 sold down to 50. Imagine an industrial or utility bond with all the attributes of this real estate bond. We dare say such a large yield would have commanded a much bigger price.

We reiterate that it will pay you to investigate the large amount of investment material that can be purchased very cheaply in real estate securities.

Utility Looks Good

United Public Utilities Corporation continues to offer an attractive situation, according to a memorandum contained in the current issue of the "Preferred Stock Guide," now being distributed by G. A. Saxton & Co., Inc., 70 Pine St., New York City. Copies of the "Guide," containing the discussion and quotations on public utility preferred and common stocks may be had upon request from G. A. Saxton & Co.

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Defeat Of FDR Won't Hurt War

(Continued from first page)

the war, a change of Presidential horses means nothing.

It's true that a change of Presidents probably would mean a change in Secretaries of War and Navy. The Republican problem is to convince the public that you can change Cabinet officers as easily as you change hats.

"Purely Political"

And in this case a change should be an improvement. They're essentially figureheads; their jobs are purely political. The permanent civil service employees really do the work, as in the case of the present incumbents, neither of whom have any particular training or experience. They, too, frequently have been a headache instead of a help to the military.

If the G. O. P.'s challenger can put those points across to the public, with complete conviction, the Sunday wallop loses most of its potency. From there on the fighting is in the champ's most vulnerable quarter—the one he and his trainers are hoping to stay away from—the home front.

And little old New York to the contrary, that home front is the major consideration to the overwhelming majority of the American voters, the other two considerations having been satisfactorily countered.

Voter Has Problem

China, and the rebuilding of Europe, and whether Russia is to be allowed to take over Poland, and the precise details of a postwar international police force are considerations, to be sure, but Poland is 4,000 miles away, and China is twice that far, and the average John Voter has an immediate problem on his doorstep every morning and every night, which interests him a lot more: The little business of making a living, and raising his own family, and trying to get a chance at the pursuit of life, liberty, and happiness.

He has a quaint desire to have some attention paid to his own problems, not to the exclusion of foreign problems or the military prosecution of the war; but conversely, he doesn't want sole attention paid to world problems, to the exclusion of his own.

He doesn't think that being pushed around by Government officials, regulations and formulas is any solution of his problems.

If you're inclined to doubt that, ask Mr. Willkie.

Coburn & Middlebrook Open New York Office

Sullivan & Farrell Mgrs.

Coburn & Middlebrook announce the opening of the New York offices at One Wall Street, under the co-management of Robert J. Sullivan and John J. Farrell. Charles R. Leake, 2nd will be associated with them.

Mr. Sullivan and Mr. Farrell were formerly with Fitzgerald & Co., Inc., in charge of the real estate department and prior thereto with Craigmyle, Rogers & Co. In the past Mr. Sullivan was a partner in R. H. Johnson & Co., with which Mr. Farrell was also associated. Mr. Leake was previously with R. S. Dickson & Co., and Josephthal & Co.

The firm organized in Hartford, Conn. in 1934, maintains offices in that city as well as in New Haven, New London, Conn, and Portland, Maine.

Opening of the firm's New York office was previously reported in the "Financial Chronicle" of April 6th.

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Tomorrow's Markets Walter Whyte Says——

Primary trend proves itself when it lops off potential secondary rally—Constricted price movement ahead.

By WALTER WHYTE

When I advised the disposal of long-pull as well as short-pull stocks I was aware that certain conditions had arisen that indicated that the back of the long up-trend which started in November of 1943, had been broken. The reasons didn't concern me then, and they don't concern me now.

* * *

When, a few weeks ago, I saw what I believed were signs of more than just another rally, I veered again. I recommended the purchase of various stocks at specific prices, but I emphasized such buys were only for the short-term. So far as long-pull positions were concerned, there was no change in the position that side lines would be more comfortable.

* * *

It might be argued that if I felt that way about investment holdings, why did I go out on a limb for the trader. The answer is that markets, like life itself, seldom run on an even keel. For even if a market's primary trend dominates the secondary movement, the latter frequently is characterized by sharp rallies which do not affect the course of the main trend.

* * *

Before SEC, there was only one way to play a secondary market when the prime movement was down. That was, to sell on all strength and cover on weakness. Occasionally, it was possible to go long when covering, thus getting a few more points out of the swing. But, primarily, it was a seller's market and selling on strength was the proper procedure. Today such a method is outmoded. Regulations prevent going short and rules of the game have changed completely. In the

(Continued on page 1732)

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

NEW YORK, N. Y. — **Irving Heine** has joined the sales organization of **R. M. Horner & Co.**, 30 Broad St.

(Special to The Financial Chronicle)

ALTON, ILL.—**Albert E. Elliott** has become associated with **Fusz-Schmelzle & Co.**, whose main office is located in the Boatmen's Bank Building, St. Louis, Mo. Mr. Elliott in the past conducted his own investment business.

(Special to The Financial Chronicle)

ATLANTA, GA. — **Wallace M. Kirkpatrick** has been added to the staff of **Clement A. Evans & Co., Inc.**, First National Bank Building.

(Special to The Financial Chronicle)

BOSTON, MASS. — **William F. Swift** is with **Draper, Sears & Co.**, 53 State St.

(Special to The Financial Chronicle)

BOSTON, MASS. — **W. Stuart Morrell** is connected with **R. H. Johnson & Co.**, 30 State St.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Harold D. O'Brien** has joined the staff of **J. Arthur Warner & Co.**, 89 Devonshire St.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Robert G. Lester** is now affiliated with **J. S. Bache & Co.**, 135 South La Salle St. Mr. Lester was formerly with Geo. Rossetter & Co. as accountant; in the past he was with E. W. Thomas & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Olaf A. Sorenson** is now with **Jas. H. Oliphant & Co.**, 209 South La Salle St. In the past he was with Lawrence Stern & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Walter W. Smith** has been added to the staff of **Russell M. Anderson**, 559 South Figeeroa St.

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—**George A. Coulter** has become associated with **Harris, Upham & Co.**, 523 West Sixth St. Mr. Coulter was previously with Pacific Company of California, J. A. Hogle & Co. and Wm. Cavalier & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—**Lester J. Washburn** has become affiliated with **O'Melveny, Wagenseller & Durst, Inc.**, 626 South Spring St. Mr. Washburn was formerly with Protected Investors of America and Morrison Bond Co.

(Special to The Financial Chronicle)

PITTSBURGH, PA.—**Albert B. Brushaber** is with **Mellon Securities Corp.**, 525 William Penn Place. He was previously with Wood, Struthers & Co., New York.

(Special to The Financial Chronicle)

RALEIGH, N. C.—**Z. H. Bacon** has been added to the staff of **Merrill Lynch, Pierce, Fenner & Beane**, 302 South Salisbury St.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **Harry E. Pahl** has joined the staff of **Wilson, Johnson & Higgins**, 300 Montgomery St.

Henry Tupper Elected Taussig, Day V.-P.

ST. LOUIS, MO.—Taussig, Day & Company, Inc., 506 Olive Street, announces that Henry A. Tupper, who has been manager of the firm's Peoria office for more than eight years, has been elected to Vice - Presidency. Mr. Tupper started his career in the investment field in 1924. His office is located in the Alliance Life Building, Peoria, Ill., and his clientele covers much of Central Illinois.

Doremus & Co. Add Jack Gelber To Staff

Jack A. Gelber, formerly Assistant Production Manager of Harrison, Rothschild Agency, and recently honorably discharged from the armed services, has joined the production department of Doremus & Co., advertising agency, 120 Broadway, New York City.

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Railroad Securities

The way things have been going it seems as if railroad security analysts will have to develop greater versatility if they are correctly to appraise the potentialities of the securities they follow. Diversity of interest first entered the picture when Union Pacific began getting substantial income from its oil properties. More recently there has been the development of Gulf, Mobile & Ohio oil properties. Now the annual report of Northern Pacific reports important oil discoveries in its territory.

The report mentions the discovery of oil in the Tensleep sand in the old Elk Basin Field of Northern Wyoming and Southern Montana, stating that the field is considered to have the highest potential possibilities of any area brought in in recent years in the Rocky Mountain territory. Northern Pacific owns some well located land in this area from which oil is already being taken. The report goes on to state that oil in commercial quantity has also been discovered in the Gage Dome east of Roundup, Montana, on the Milwaukee main line, and that a good field seems to be in prospect. Northern Pacific also owns well located land in which oil has been found in this area.

Quite obviously these oil developments in Northern Pacific's territory have not as yet become an important earnings consideration. Nevertheless, they do present interesting potentialities for future substantial benefits. In the first place, and regardless of the company's own land holdings, there would be direct traffic benefits—the discoveries have stimulated the search for oil in Eastern Montana beyond anything undertaken in many years. Development and search mean the inbound movement of machinery, etc., and actual discoveries bring the outbound movement of the petroleum itself. To these considerations will be added any revenue from oil in the company's own substantial land holdings, the possibilities of which can not even be estimated but which might reach very sizable proportions.

Even without the prospect of substantial profits from oil developments Northern Pacific has been experiencing a gradual rehabilitation of credit, and its stock has been attracting a growing speculative following. The road resisted the general industry trend in 1943, and was able to report a gratifying increase of more than 50% in net income to $10.29 a share compared with $6.57 a share in 1942. Taxes have been a greater burden in the opening months of 1944 and the increased wages have been taking their toll. Nevertheless, there appears to be little question but that results for the full year will remain well above any recent pre-war period, and probably above the 1942 level.

With the higher earnings, the management put the stock back on a dividend basis in 1943 (the first in over ten years) but by far the larger proportion of earnings is still being utilized for debt retirement and financial rehabilitation. Last year the non-equipment debt outstanding was reduced by $10,107,500 although this was in part represented by purchases from the wholly owned Northwestern Improvement Co. of bonds bought by that company in previous years. Eliminating the holdings of the subsidiary, publicly held debt (exclusive of equipments) was reduced $9,311,500, bringing total retirements and subsidiary purchases within the last three years to $14,001,500.

As of the end of last year, and excluding bonds held by Northwestern Improvement, the total non-equipment debt had been pared to $290,291,240. This is still too large in relation to the road's normal earning power, particularly in view of the high average coupon rate. Nevertheless, there are other elements of strength other than the mere debt reduction and the size of the debt. For one thing, maturities within the next 50 years amount to less than $2,000,000 and the major portion of the debt has more than 100 years to run. In the second place, finances have been very materially strengthened. Cash items as of the end of January stood close to $70,000,000. Net working capital at $58,691,000 was some $12,600,000 above a year earlier and equivalent to more than four years' fixed charges. Thus further substantial debt retirement appears assured in 1944 and future years.

Interesting Situation

Steady and substantial growth in earnings of the "Utility Group" have increased the speculative attraction of both the Prior Lien and Plain Preferred stocks of New England Public Service Company according to a detailed circular on the situation prepared by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges. Copies of this interesting circular may be had from Ira Haupt & Co. upon request.

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How will current holders fare by new capital set-up? Postwar estimates and figures are presented in an interesting discussion sent without obligation on request.

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L. H. Rothchild Moves

L. H. Rothchild & Co., specialists in rails, announce the removal of their offices as of May 1 to 52 Wall St., New York City. Their telephone number will be changed to HAnover 2-9072.

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Public Utility Securities

United Light & Railways

United Light & Power Co. submitted a dissolution plan to the Securities and Exchange Commission July 1, 1942, and this was approved with modifications April 5, 1943. The Commission filed application with the U. S. District Court in Delaware for judicial approval of the plan, which was granted July 30. Under the plan, United Light & Railways, the sub-holding company, would take over all remaining assets of Power Company (except its own stock) and assume all remaining liabilities. Power Company would then distribute its only asset, the Railways stock, to its own stockholders in the ratio of 94.52% to the preferred and 5.48% to the common.

To the surprise of Wall Street, Otis & Co. (who headed the banking group which offered the preferred stock in 1929) appealed the decision to the Circuit Court, contending that the preferred should receive all of the new common. That court has now sustained the District Court decision, but an appeal to the Supreme Court remains a possibility.

The preferred stock of the Power Company on the Curb advanced five points last Friday to 57, closing at 55½. Under the plan, the stock would receive five shares of Railways' new common, which is quoted over-the-counter about 11¾ to 12. There is therefore a slight arbitrage profit available if the plan is consummated, since the price of the old preferred is equivalent to about 11⅛.

United Light & Railways is one of the "solid" holding companies, where income from the operating companies has almost an untrammeled flow through the sub-holding companies to the top company. System capitalization is in general conservative and there have been relatively few difficulties with the SEC (thus far at least). One of the two sub-holding companies, American Light & Traction, plans to dissolve, presumably by retiring the preferred stock and distributing assets to the common; this has probably been delayed by difficulties over the Detroit municipal excise tax, which was a severe blow to Michigan Consolidated Gas, the principal subsidiary, and Detroit Edison, in which American Light & Traction has a substantial (though not controlling) stock interest. However, dissolution appears likely within a year or so, and this would mean that Railways would acquire a substantial interest in the Michigan-Wisconsin subsidiaries. To conform with the geographical requirements of Section 11, Railways might decide to sell these stocks; in fact, because of this problem, American Light & Traction might conceivably dispose of all its interests by public offerings, which would simplify Railways' problem.

To complete the geographical integration of Railways, the other sub-holding company, Continental Gas & Electric Corp., might have to dispose of its second largest property, Columbus & Southern Ohio Electric. Remaining system companies would then be principally in the States of Kansas, Iowa and Missouri, and would probably conform sufficiently to SEC regulations, particularly as Continental is buying additional properties in this area from other systems (Des Moines Electric Light, Iowa Power & Light, Missouri Power & Light, etc.). Further purchases would seem possible, since at the end of last year Railways had a very substantial system backlog of cash and Government securities (nearly $56,000,000,000), and the current ratio was well over two-to-one. However, some part of this cash may be earmarked (as in the case of American Light & Traction's $9,000,000) for retirement of securities or other purposes.

As with most holding company systems, Railways' common stock earnings are affected by the new form of "leverage" resulting from varying adjustments of Federal taxes. In 1943, on the new stock basis, only $1.49 was earned per share as compared with $2.17 in the previous year, due to a rise in taxes of about $4,500,000. Had all system companies turned in individual Treasury reports, taxes would have absorbed $2,705,837 more, reducing earnings to only 54 cents a share. However, it seems unlikely that the present advantage of a consolidated system tax report will be wholly lost due to any changes required for conformity to geographic requirements. And by the time these requirements are met, assuming that the war is not unduly prolonged, the system may be relieved of excess profits taxes (the amount of which for 1943 was not separately reported).

Earnings for earlier years on the new basis were approximately as follows: 1941, $1.12; 1940, $1.57; 1939, $1.58; 1938, $1.06; 1937, $1.60, and 1936, $1.39. Because of the fluctuations due to capital and tax leverage, these earnings obviously cannot be capitalized marketwise at anything like the times-earnings ratios (about 12-16) which apply to sound, operating company equities. The eventual price of Railways' common may hinge largely on the dividend policy, which in turn will depend on the flow of cash to the top company. In 1943 the "company only" report showed net income of $3,374,785, of which $2,178,925 remained after deducting preferred dividend requirements, or about 69 cents a share. Assuming that some of the large amount of extra cash held by various system companies can be put to work during 1944-45 (either by buying new properties or retiring system securities) it would seem logical to look forward to a possible dividend on the new Railways' common of around 75 cents a share, which would yield about 6½% on the present price.

Investors Syndicate Elects Smith V.-P.

Was Secs. Commissioner

MINNEAPOLIS, Minn.— Robert L. Smith, Commissioner of Securities for the State of Minnesota since 1939, has been elected a Vice President of Investors Syndicate in charge of sales of investment certificates of Investors Syndicate of America, Inc., and shares of Investors Mutual, Inc., according to an announcement made by E. E. Crabb, Chairman of the Board of Investors Syndicate.

Mr. Smith, a graduate of University of Minnesota's College of Law, was appointed Commissioner of Securities of the State of Minnesota, Feb. 1, 1939 by Governor Harold E. Stassen. Prior to that appointment Mr. Smith had had an extensive background in the investment and insurance business. He has also served as a Vice President of the National Association of Securities Commissioners.

Comparative Data On 129 L. I. & Westchester Banks

Troster, Currie & Summers, 74 Trinity Place, New York City, have just compiled an interesting comparative tabulation on 129 Long Island and Westchester banks. This is an informative memorandum on securities not traded actively. Copies of the tabulation may be had from Troster, Currie & Summers upon request.

Purcell Praises Operation Of Public Utility Holding Act

Chairman Of The Securities And Exchange Commission Says It Promotes Local Control Of Local Enterprise—Points Out Measures For Financing Small Business—Holds That Unprecedented Accumulation Of Savings Will Provide A Substantial Source Of Capital Funds

Addressing the Texas Group of the Investment Bankers Association of America at San Antonio, Texas, on April 17, Ganson Purcell, the Chairman of the Securities and Exchange Commission, commended highly the work of the Commission in carrying out the provisions of the Public Utility Holding Company Act. After referring to "the great dislocations in our financial system," which arose from "a habit of financial excesses" that existed before 1933 Mr. Purcell described the purpose and operations of the Act in part as follows:

Ganson Purcell

"Not so many years ago the country as a whole was straining under a burden resulting from great dislocations in our financial system. There had grown up a habit of financial excesses—excesses of optimism and a general disregard of fundamental principles of sound business conduct. The really democratic aspects of our financial system had practically disappeared through neglect and disuse so that the good of the many had become, perhaps unconsciously, submerged and our system was being operated for the benefit of the few. This burden was borne, as I don't need to tell this group, certainly as much by the people of Texas as by those of any part of the country.

"Beginning in 1933, steps were taken by vigorous and enlightened men to cure that unhealthy situation—and in this undertaking Texans were in the vanguard. Those early steps, as you will remember, grew into legislation, the main thrust of which was complete fairness to all and the development of a set of rules for the game of finance which outlawed cold decks, required all cards to be on the table and the shooting irons to be parked at the door. In other words, it was aimed in the direction of establishing a system built on public knowledge of the affairs of business and designed to enable all participants, large and small, to make informed decisions—a system basically analogous to our democratic principles of government.

"As a result of the efforts of these pioneers in the field of financial democracy, we have left more and more behind us the day of corporate management when the little fellow who had contributed his money to the venture rarely found out how things were going and how they were being run until after the petition in bankruptcy had been filed—if then. The badly shattered faith of the people in the fairness of dealings in securities has been largely restored through the practical elimination of the manipulator and his pin-wheel game.

"But these things were not achieved merely by the passage of legislation and the creation of an agency to administer it. They were brought about only by the combination of such measures with a favorable disposition toward their objectives on the part of the people whose operations constitute our financial system—the men like you who are here today. It has been my experience that no measure ever undertaken in this field through government has been successful until it received the active support of a majority of those whose affairs were concerned.

"I think we Americans can be forgiven for indulging in some pride over the fact that the British Empire is beginning to cast rather envious eyes on our record. Recently the British Parliament, apparently concerned over the adequacy of financial and corporate regulations under the Companies Act, has appointed a royal commission to study and make recommendations for necessary changes in the law. The London Chamber of Commerce, which has traditionally represented business and finance in Britain, has submitted a list of proposals to that Commission which reads like a catalogue of many of the things which we have done here, and now accept as basic to our system. These proposals include supervision over the proxy soliciting machinery and requirements for greater information to stockholders; improved and uniform standards of accounting; requirements for disclosure by officers and directors of their beneficial interest in securities of the corporation and of their trading in those securities; and a recommendation against the continuation of the all too frequent practice of concealing corporate reserves and profits.

"While these improvements in custom and practice have been taking place in our country, we have made only limited progress toward the realization of one of the greatest objectives on the road to financial democracy—local control of local enterprise. And when I say local control, I mean not only local management, but local finances as well. As we have built our businesses, just as we built our system of government, we have always had the problem of centralization as against local government and management. In the business field too often centralization and concentration of control over business units have gone far beyond the bounds of economic advantage. We have seen absentee management of local enterprises grow up and result in abuses which were inevitably detrimental to the public interest. You have seen the brains and brawn of Texas build up profits from Texas enterprise while the men in control, by various financial devices, have siphoned off those profits to be used for their benefit—and very little for the benefit of Texas.

"The development of this system of centralization and high finance reached its climax in the public utility field. The disastrous results of the building up of the great utility holding company empires were felt in every corner of the land. The need for a thoroughgoing reorganization of the utility industry was realized only after painstaking work against tremendous odds. You know the long investigation which was made by the Federal Trade Commission and embodied in over one hundred volumes of reports. Judge Robert E. Healy, of Vermont, now a member of our Commission, had a leading part in the conduct of that investigation as Chief Counsel to the Federal

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Trade Commission. One of the greatest contributions toward the creation of a formula for bringing about that reorganization on a sound basis was made by a Texan, a former president of your state university, Dr. Walter M. W. Splawn. The legislation which embodies that formula and put it into effect — the Public Utility Holding Company Act of 1935—was sponsored in one house of the Congress by a great Texan and a great American, Speaker Sam Rayburn. On the other side, fighting shoulder to shoulder with Sam Rayburn, was Senator Burton K. Wheeler of Montana. This is a good illustration of the wisdom of our political system and institutions which made possible the enactment of national legislation to restore and assure the preservation of the dignity and the self-reliance of our communities through opening to them the opportunities of local enterprise in the public utility field.

"The core of the Public Utility Holding Company Act is best expressed in President Roosevelt's message to the Congress recommending the legislation. He urged the restriction of holding companies to single integrated systems in order to 'take the control and the benefits of the essentially local operating utility industry out of a few financial centers and give back that control and those benefits to the localities which produce the business and create the wealth.' Under that statute it became the duty of the Securities and Exchange Commission to achieve that objective by requiring holding company systems to reduce their holdings to single integrated utility systems and to simplify their complicated capital structures. In this important field of fostering local control the work is going forward at this time with gratifying results. What's happening in Texas under this statute is an outstanding example of achievement. The success of the program in Texas has been in great measure due to the efforts of Texans to put the utility industry in this State in sound condition to operate for the benefit of Texas consumers and to the profit of Texas investors. . . .

"As I have said, the work is not yet completed. A good many jobs remain to be done throughout the country and in Texas, too. Several Texas utilities are still under the domination of the American Power & Light Co. and the Electric Power & Light Corp. in the Electric Bond & Share system. Extensive holdings in Texas and in neighboring portions of Oklahoma and Louisiana are still under the control of The Middle West Corp. and the Engineers Public Service Co. Orders of the Commission, however, are outstanding against these holding companies which will require them to dispose of local properties or to integrate them with local systems.

"The results of this work in the utility field, not only those already achieved but those which are in the process of consummation, will do much to protect local enterprise, local management and local interest generally in the future development of the electric and gas utility industry in Texas and throughout the country.

"What I see in all this is that when the job is completed Texas capital will have more chance to stay at home and work for the good of those who produced it. Employment will be found for Texas citizens in every step of creating, financing and conducting Texas utility enterprises. Local lawyers familiar with the problems of this region will be called upon to advise your companies; local accountants will handle their auditing and certify their financial statements; and local investment bankers should have the leading positions in the necessary financing. Those jobs can be handled so much more efficiently and satisfactorily by the lawyer, the accountant and the investment bankers whose offices are just down the street—or at most in the nearest large city—than they can be by obtaining the same professional consultation from people a thousand or more miles away who must be transported to and from the scene and educated from scratch in the history and possibilities of a venture and the needs and capacities of the community. These are the things which provide a broad base and firm foundation for the healthy and vigorous development of sound and self-reliant local institutions.

"The preservation of our democratic institutions as we have known them depends in large measure on our ability to maintain and strengthen the foundations of small and medium sized independent enterprise. One of the essential components in any such design is a responsive, capable local banking machinery which can function freely and effectively only if absentee control and the evils of monopoly are eliminated. In our present critical days, these are fundamental to a democratic solution of our most pressing post-war problems—the maintenance of full employment and a high level of national income.

"It is well known that for many years small and medium sized as well as new businesses have faced almost insurmountable difficulties in obtaining new money from the capital markets, particularly equity capital, indicating a substantial gap in the investment banking machinery. When such capital has been available, costs have been excessive, in contrast to the low costs of financing large established companies. To be sure, the RFC has done excellent work in making loans to small business throughout the country but it is precluded by statute from supplying equity funds which is frequently a more pressing need.

"A great many people have thought and written about this question. A number of proposals varying in degrees of definiteness have been put forward. From time to time members of the Securities and Exchange Commission have, as a result of their day to day experience, stressed the importance of doing something to insure the availability of capital in the locality where it is created. We must establish some system which will provide a lasting source of venture capital to finance existing local enterprise as well as to foster additional businesses which will arise out of individual initiative.

"I don't suppose any of us has a ready made prescription for such an institution. Doubtless all of you are as familiar as I am with a good many of the suggestions that have been made. You know the proposal to permit the Government, perhaps through the RFC, to supply additional capital to investment bankers through the direct purchase of senior securities or other participation in investment banking firms. You are also doubtless familiar with suggestions for the creation of regional financing corporations, properly staffed to investigate possibilities for investment, their capital to be supplied by local investors, which would make equity investments in businesses operating in the region. A variation of that suggestion is that some sort of senior position in these corporations be assumed by the Government—again through the RFC. Another proposal would set up permanent industrial loan corporations to be owned by the United States Government and operated by the Federal Reserve System to assist financial institutions in making credit available to commercial and industrial enterprises. A variant of this last suggestion, which was made to me in a recent conversation, would be to have the ownership of such institutions in the member banks in the Central Reserve and Reserve cities in proportion to their assets or capital and surplus.

"I do not advocate any particular one of these suggestions; nor do I wish to be understood to say that still other proposals may not be forthcoming of equal or greater feasibility. But the thing of greatest moment today is that we are in a position where we can see the outline, at least, of things to come and can, if we will, devise a scheme to emerge from this war—whenever its end may come—with a healthy, sound and ever-growing industrial and financial system. At the war's end there will be the immediate problems involved in the termination of war contracts and the reconversion of war time plants, as even today we are experiencing the difficulties incident to the cut-back program.

"We have only to look about us to note the possibilities which will be at hand. Both the opportunity for tapping private local sources of funds for worthwhile investment and the need for such funds will probably be greater at the end of the war than ever before. During the war there has been an unprecedented accumulation of savings by individuals and unincorporated businesses. These huge accumulations constitute one of the most important economic phenomena of the war. The growth in the currency and deposit holdings of individuals and unincorporated businesses since the war started in 1939 has exceeded $35 billion. In addition, their net purchases of U. S. Savings Bonds and other U. S. Government securities have also been close to $35 billion. Other substantial items of saving include insurance and debt repayment. The total "liquid" saving by individuals and unincorporated businesses during this period amounted to the phenomenal total of over $90 billion. The present rate of increase in such saving is close to $40 billion a year, of which over $30 billion conists of cash and deposits and U. S. Government securities. These immense savings have implications of the utmost importance for the post-war economy. If these resources are safeguarded by a gradual rather than an abrupt lifting of wartime controls, they will provide a substantial source of funds for the capital needs of industry in the post-war era, as well as a huge reservoir of purchasing power for peace-time goods.

"Though the increased business activity in recent years has produced a marked improvement in the financial condition of most American corporations, small as well as large, the need for new funds should be very great to take care of the long-deferred replacement and renovation of plant and equipment and the purchase of government plant. Even more important is the anticipated expansion of business to new heights of peace-time activity and into new fields, utilizing the techniques and processes which have been developed during the war. After the war, with the removal of present obstacles to the formation of new firms and with the return of potential business men from the armed forces and war jobs, we can expect a resurgence of small business and a broad demand for investment capital."

President Asks Observance Of National Family Week

Endorsement of National Family Week May 7 to 14 has been indicated by President Roosevelt in a letter to members of a joint committee identified with the program, which is sponsored by the churches of the country.

The Committee consists of Rev. Dr. Edgar Schmiedeler, OSB Director of the Family Life Bureau, National Catholic Welfare Conference; the Rev. Harry C. Munro, Director of Adult Work for the International Council of Religious Education, and Rabbi Ahron Opher of the Synagogue Council of America.

In his letter the President says:

"Always deserving of primary consideration, there is particular need for focusing attention on the family and its needs during these trying and disturbing times of war.

"May the observance of National Family Week this year result in an increased reverence and respect for the American home. May it invite God's blessing in a special manner on the American family."

The President went on to say, according to special advices from Washington to the New York "Times," that it was "always exceedingly heartening to see the churches give their special attention to the home and to stress its great spiritual values.

"The race has always owed much to its family life. The genuinely humanizing forces of life are nurtured in our homes. Our homes are outstanding among the mainsprings of our striving upward, among the wellsprings of our civilization. The old spirit of the home must by all means be safeguarded; the family sense of the nation must by all means be kept healthy and vigorous."

BONDHOLDERS

Names and Addresses Sought

In order that bondholders may vote upon a plan of reorganization approved by the Interstate Commerce Commission and the Federal Court, the Trustees of The New York, New Haven and Hartford Railroad Company are seeking the names and addresses of the holders of the following bonds and the amounts held by them:

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N. Y., N. H. & H. R.R. 6s 1/15/48
N. Y., N. H. & H. R.R. 3½s 4/1/54
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NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number twenty-nine of a series.*
SCHENLEY DISTILLERS CORP., NEW YORK

In Absentia

Recently Dr. Henry Durant, Director of the British Institute of Public Opinion, cabled a release from London, the result of a recent poll which was conducted among American servicemen serving overseas. The result of the poll certainly says, "LEAVE MY COUNTRY THE WAY I LEFT IT, PLEASE!"

A simple question was asked of our boys away from home: "IF THE QUESTION OF NATIONAL PROHIBITION IN THE UNITED STATES SHOULD COME UP AGAIN, WOULD YOU VOTE WET OR DRY?" Here is their answer: 85% said they would vote wet; 9% said they would vote dry; 6% were undecided.

Another recent, impartial survey conducted among servicemen brought out some importantly significant facts. Of every 100 servicemen interviewed, an average of 57 reported that they do not drink alcoholic beverages; 34 drink beer; and 9 drink liquor. *It is obvious that our American young men, who are serving in the armed forces, are more concerned with the principle of individual freedoms than the personal exercise of any one of these freedoms. That's what they're fighting for.*

During the last war we did not ask our boys, who had no opportunity of voting, whether they wanted this country to go dry or remain wet. We just went ahead and experimented without asking their opinion. Today we ask them how they feel about it, because we stay-at-homes are a little worried about what they will say to us when they come back.

It has often been asserted that our nation could have been spared the horrors of the prohibition period if the boys away from home could have been consulted on the matter, in advance. And this is a good time to think about it, because of the magnitude of the job which will confront us, along with our allies, after the victory parades are over. Undoubtedly we will play a part in helping to straighten out the world's chaotic affairs; but our satisfaction will be grim indeed, and hollow, if the trying distractions abroad will make us careless about our own home peace and security.

And since the title of this article is Latin, we'll close with . . . Verbum sat sapienti (a word to the wise is sufficient).

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Deeds Guest of NYSE

Edward A. Deeds, President and Chairman of the Board of Vertientes-Camaguey Sugar Company of Cuba, was the guest April 24 of Emil Schram, President of the New York Stock Exchange upon the occasion of the company's common stock being admitted to the Exchange list. Accompanying Mr. Deeds were Philip Rosenberg, Executive Vice-President and Treasurer, George N. Lindsay, Charles G. Meyer and Garrard Winston, Directors. The guests visited the floor, chatted with the specialists in the issue and were entertained at luncheon, which was attended also by Raymond Sprague, Vice Chairman, and Howland S. Davis, Executive Vice President, of the Exchange.

Ohio Brevities

Liquidity is the distinguishing feature of the Cleveland banking structure as revealed by the March 31, 1944 call for condition statements. Five of the city's largest banks reported 1½ billions of deposit liability. That includes both demand and time deposits. It counts out the war loan account.

Coverage was $339,000,000 cash and $1,014,000,000 in government bonds. The total is $1,353,000,000. Reserves are an imposing and fast growing total. Other quicks "as-good-as-cash" make an interesting display in the show windows in the detail of the individual reports.

It is safe comment that without dividing the time-demand account both display a liquidity of 100% or better.

Total footings of all Cleveland banks are approximately $1,930,000,000. This is an all-time high.

Loans in the biggest institution turned up $42,000,000 for the three months to $439,649,800. Gain from a year ago was over $120,000,000.

Society for Savings led in individual performances, setting new highs in total footings, deposits, loans and governments. National City Bank and Central National were next with three new marks each.

Government holdings of Cleveland Trust increased around 15 millions and now lack about 3 millions to reach the half-billion mark.

Union Bank of Commerce reported a gain in surplus of $892,000, to $3,000,000, boosting capital and surplus to $7,000,000.

* * *

Five Cleveland houses participated to the extent of over $2,000,000 in the Louisiana Power & Light Co. offering of $17,000,000 first mortgage 3% bonds.

Firms and the amount of their participation were Otis & Co., $1,500,000; Field, Richards & Co., $200,000; First Cleveland Corp., $150,000; and Wm. J. Mericka & Co. and Curtiss, House & Co., $100,000 each.

* * *

M. A. Hanna Co., Cleveland ore, coal, dock and vessel operator, announced plans to issue $10,000,000 new preferred stock and to retire outstanding $12,853,000 $5 preferred shares. The new stock would carry annual dividends of $4.25 per share. Chairman H. M. Hanna and President G. M. Humphrey told stockholders they would receive a notice soon announcing the special meeting date to vote on the plan.

Company's statement said, "it is the intention to create a new issue of 100,000 shares of $4.25 cumulative preferred stock and give the holders of the present 128,531 shares of existing $5 preferred stock the opportunity to exchange each share of present stock for one and one-twentieth shares of the new issue before any public offering of the stock is made."

* * *

Merrill, Turben & Co. of Cleveland, and Harriman, Ripley & Co. reported that nearly 93% of the new $16 par value shares of National City Bank of Cleveland was taken by the bank's stockholders. They said the remainder of the stock—7,944 shares—was sold privately.

The new stock was sold at $30 a share on the basis of one new share for each four old shares held. The financing provided $3,375,000 in capital funds and boosted the bank's capital to $9,000,000 and surplus to $9,000,000.

* * *

Investment dealers reported an oversubscription in an offering of 24,985 shares of Union National Bank of Youngstown. The stock, $20 par value, was offered at $375.50.

McDonald-Coolidge & Co. of Cleveland, purchased large holdings held by Youngstown industries and offered the stock in the market. Industries had bought large blocks of the stock when the bank was organized during the depression.

* * *

Public Relations Committee of the Cleveland Chapter, American Institute of Banking, is eagerly looking forward to its next "Information Please" program with Cleveland high school students.

In an experiment to inform students what banks mean to the community and what their possibilities are as a career, the com-

(Continued on page 1729)

Bond Club Of Toledo Elects New Officers

TOLEDO, OHIO — The Bond Club of Toledo has just elected the following new officers for the year 1944-1945:

Oliver Goshia

President—Oliver Goshia, Collin Norton & Co.

Vice-President—Celian Rorick, Spitzer, Rorick & Co.

Secretary—E. P. Liska, Braun, Bosworth & Co.

Treasurer—Orville W. Desmond, Stranahan, Harris & Co.

Board of Governors—George A. Roose (Siler, Roose & Co.), retiring President; Frank L. Ryan (Ryan, Sutherland & Co.), William Milne (Toledo representative of Otis & Co.).

Chairmen of the Various Committees—Entertainment, Durwood DuBois (Stranahan, Harris & Co.); Finance, Wm. H. Schliesser (Stranahan, Harris & Co.); Legislation, Ford R. Weber (Ford R. Weber & Co.); Membership, Hazen S. Arnold (Braun, Bosworth & Co.); Speakers and Publicity, Wm. G. Sutherland (Ryan, Sutherland & Co.).

Ohio Municipal Comment

By J. A. WHITE

Recently we have had occasion to note that considerable work is being done by dealers to demonstrate to investors that there is little or no basis in fact for most of the objection which one finds to paying premiums. This work should be encouraged, for the elimination of this objection would be a great step forward for the good of the business as a whole and equally for the good of investors as a whole. More and more buyers are coming to the realization that it's the quality and the yield of an investment that counts, not the premium. It may be a tedious task, to teach investors to put the proper degree of unimportance on premium, and the proper degree of importance on quality and yield; yet those dealers who look to the future of the investment business can do themselves, their clients and the business a great good by demonstrating the fallacy of objections to premiums.

Education, like charity, begins at home. Those of us amongst the dealers who still worry about premiums, had better give the matter a thorough analysis ourselves. It has been interesting to note that many of the larger dealers are doing a great deal of educational work with their salesmen, to convince them that premiums should mean little or nothing to investors. This, too, is an encouraging step, for all too often dealers and salesmen alike simply accept without analysis a customer's objection to premiums. Every time we hear such an objection voiced, and do not question the reason for it, we add to the difficulty of this task of education, for by passing over the statement lightly, we let the buyer think there is some ground for agreeing with him.

This job of teaching a proper appreciation of the **un**importance of premiums, is an educational task which should begin first with the dealer himself, then the salesman and finally the investor.

Recent Ohio Sales

While, during recent weeks, activity has been slow in the municipal market as a whole, the Ohio market has been somewhat more active. Although most have been small, several new issues have come into the market. Sales have been made at prices which fully demonstrate the strong demand for bonds. Warren sold a $72,000 issue due 1945 to 1949 at 100.43 for 1's, with 7 other bids for 1's. Gallipolis entered the market for the first time in many years, to sell an issue of $42,000 due 1945 to 1958 at 100.57 for 1¼'s. In all, four bids were made for 1¼'s for this issue, despite the fact that maturities ran to 1958. Wauseon School District sold $210,000 bonds due 1945-64 as 1½'s at 102.04. The second bid for the Wauseon Schools was 101.90. Smaller issues were sold by Ashland, Ironton and Struthers.

However, all of the Ohios that have come into the market, as new issues and as liquidation by institutions, do not help much even to meet the spring maturities of Ohio bonds. Cincinnati has called for payment on July 1, $500,000 more of its completely tax free Southern Railway 3½'s. The call for payment has been announced, moreover, for July, of some $200,000,000 Federal Land Bank bonds, to be retired from cash. While this amount is small in comparison with the huge amounts of partially and totally tax free bonds and notes which the U. S. Government is taking out of the market regularly, nevertheless, the retirement of these Federal Land Bank bonds should have a bolstering effect on the municipal market, for these $200,000,000 of bonds were totally tax free, and in the past at least, have been owned by many individuals and institutions who wanted tax exemption.

Diversification Assumes More Importance

Figures just released by the Federal Deposit Insurance Corp. clearly demonstrate that banks are finding it increasingly difficult to maintain diversification in their investments. During the year 1943, holdings of government securities by all the insured banks in the U. S. increased by $17,982,000,000. In the same period holdings of municipal securities declined by $246,000,000, and holdings of other securities declined by $402,000,000. As of Dec. 31, 1943, total holdings of U. S. government securities by these banks amounted to $58,694,000,000, and total holdings of municipal securities, to $3,288,000,000.

It is little wonder, after considering these figures, that banks are willing to purchase high grade municipal bonds at the same yields obtainable from governments, after taxes. In fact, the desire for diversification is causing some bankers to buy municipals of high quality at even lower yields than can

(Continued on page 1721)

Ohio Municipal Price Index

Date—	*	†	‡	§
Apr. 26, 1944	1.31%	1.46%	1.17%	.29%
Apr. 19	1.32	1.46	1.17	.29
Apr. 12	1.32	1.46	1.17	.29
Apr. 5	1.32	1.47	1.17	.30
Mar. 29	1.33	1.48	1.18	.30
Mar. 22	1.33	1.48	1.18	.30
Mar. 15	1.34	1.50	1.19	.31
Mar. 8	1.35	1.51	1.20	.31
Mar. 1	1.36	1.52	1.20	.32
Feb. 16	1.37	1.53	1.21	.32
Jan. 19	1.40	1.57	1.23	.34
Dec. 15, 1943	1.42	1.59	1.24	.35
Nov. 17	1.39	1.57	1.22	.35
Oct. 13	1.39	1.58	1.21	.37
Sep. 15	1.43	1.62	1.24	.38
Aug. 18	1.44	1.63	1.25	.38
July 15	1.50	1.63	1.32	.36
Mar. 16	1.76	1.97	1.55	.42
Jan. 1, 1943	1.83	2.01	1.65	.36
Jan. 1, 1942	1.92	2.13	1.70	.43
Jan. 1, 1941	1.88	2.14	1.62	.52
Jan. 1, 1940	2.30	2.58	2.01	.57
Jan. 1, 1939	2.78	3.33	2.24	1.09
Jan. 1, 1938	2.98	3.42	2.55	.87

Foregoing compiled by J. A. White, Cincinnati.

*Composite index for 20 bonds. †10 lower grade bonds. ‡10 high grade bonds. §Spread between high grade and lower grade bonds.

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Full Employment After The War

(Continued from page 1706)

ment on a vast scale will quickly develop even though we start off at the end of the war with a full employment income. Improvements in technology continually going on spell either a rapid rise in our national income or else a continued rise in unemployment.

All of this means, of course, that we have indeed reached an age of plenty with the possibilities of continued rapid increases in our standard of living provided only that we have the wit and wisdom to put our productive resources to work. This is the great task that confronts us in the post-war period.

2. What problems will confront us when the war is over? Will we experience a great price inflation as some assert of maybe four or five hundred per cent? Shall we move smoothly and automatically into a long period of prosperity lasting 10 to 15 years? Or is it more likely that we shall experience turbulent conditions with a violently fluctuating economy?

I do not think we can afford to let events take their course. I think we must map out a constructive compensatory and developmental program designed to achieve economic stability and full employment.

3. First consider the transition period from war to peace. This period may be divided into three parts: First, the partial demobilization after the defeat of Germany. Second, the critical demobilization period after the defeat of Japan (6 to 12 months). Third the ensuing deferred demand boom.

The partial demobilization should give us an opportunity to increase the production of urgently needed consumers' goods.

The critical demobilization after the defeat of Japan involves vast problems of readjustment. Millions of people will be dismissed from the military forces and from the great war industries, notably aircraft, shipbuilding, and munitions.

This will very likely be followed by a general all around restocking boom. The elements of such a boom are: (a) an accumulation of inventory stocks by retailers, wholesalers, and manufacturers; (b) a large demand for consumers durables (automobiles, household equipment, etc.); (c) manufacturers' and other business demand for machinery and equipment; (d) a huge net export surplus of foodstuffs and other materials for relief and rehabilitation. These are the four main elements of any post-war boom.

The boom after World War I in 1919 and 1920 was based on exactly these same factors—inventories, net export surplus, business equipment, and consumers' durables. After World War I, these stimulating factors petered out in less than two years. There is no dark secret about the depression of 1921. Inventory accumulation fell from over 5 billion dollars per year in 1919 and 1920 to zero in 1921. The huge lion dollars per year in 1919 and 1920 drastically declined after European agriculture got back on its feet.

How long are these stimulating factors likely to last after this war? Inventory accumulation at a high level has never lasted more than a couple of years. Relief requirements throughout Europe, it is believed, will be largely met in, say, 18 months. The pent-up demand for automobiles will be very great, but the capacity of the automobile industry is sufficient to supply every family in the U. S. with a new car in, say, three or four years. The high post-war demand for industrial equipment and machinery is likely to ease off after two or three years. Thus, after two, three, or four years, the deferred demand boom is, I think, likely to end in a slump unless we do something about it.

I can find only one answer to prevent this slump and that is to push up construction, public and private, to a volume of 15 to 18 billion dollars a year.

4. There is nothing very mysterious about what happens in depression and what must be done to overcome it. Take the great depression that began in 1929. The essence of that depression, as indeed of all depressions, can quite simply and plainly be stated. Private capital outlays fell from 17 billion dollars in 1929 to 2 billion dollars in 1932. This decline let loose repercussions that nearly bankrupted our society. The decline in capital outlays laid low our heavy goods industries and caused vast unemployment. This in turn induced a decline of 30 billion dollars in private consumption expenditures. The unemployed cannot spend, and those still holding jobs are afraid to spend. Thus the decline of 15 billion dollars in private capital outlays had a magnified effect upon the economy causing total national income to fall not by 15 billion dollars but by 45 billion dollars.

5. To offset the inevitable post-war slump we need to prepare a compensatory public investment program. We should have federal, state, and local public improvement and development projects planned clear through to the blue-print stage. We should be ready to throw them in when needed. The experiences of the 1929 depression teach us the lesson that once the decline has started it feeds on itself, each decline inducing a further decline.

Suppose the government had been prepared with an adequate compensatory investment program of useful public works and development projects. Had this been done it cannot be doubted that private capital outlays would not have fallen by 15 billion dollars, but perhaps by no more than 6 or 7 billion dollars. If total construction and total investment outlays, public and private, had been held at the high level of 1929, we can be sure that the public in general would have kept on spending. We should not have had the decline of 30 billion dollars in private consumption expenditures. Thus, adequate planning ahead and proper timing of public investment can do the job. Boldly thrown in on a sustained basis, public investment outlays could have prevented the ever-widening breach which we did experience from 1929 to 1932, and which brought us close to national bankruptcy.

6. It is not enough to iron out the cycle. We must insure not only economic stability but also full employment and rising living standards as rapidly as increases in productivity permit. We are no longer confronted with the easy conditions of the past. The great western frontier and the vast outpouring of population into the great reaches of our country provided boundless and easy opportunities for investment. We now need to develope a great new frontier in our own back yard. This requires ingenuity and planning.

Consider, for example, urban redevelopment. Here indeed is a great new frontier for investment. But it will not happen automatically. There are serious obstacles in the way. These we must attack and overcome. The rebuilding of the slum and blighted areas in our towns and cities presents one of the major areas for private investment outlays in the generation that lies before us. But nothing will happen unless we develop a program. This requires the investment of public funds to purchase the slum and blighted land and make it available under properly planned conditions for private redevelopment.

A well conceived public investment program will enlarge the opportunities for private investment. The role of government is a marginal one but it is very important. The government need not enter the general field of production at all. That is the job of private enterprise. Private enterprise in our country has never shown any incapacity to produce. It is the role of government to play its part in the creation of an adequate over-all effective demand. And its role can be fairly accurately measured. What is necessary is that public and private construction and other investment must be adequate to take up the flow of savings seeking investment. Percentagewise this represents a small fraction of income, but it is the all important one in the maintenance of employment.

Consider regional resource development. Consider what has been going on in recent years in the Columbia River Valley in the Pacific Northwest, and in the Tennessee Valley. Private enterprise is looking up in those areas. Why? Because of the basic public investment made in those areas. The basic public investment in those areas has opened up outlets for private investment, has raised productivity and purchasing power, and increased the market for private enterprise all over the country.

These two projects may not return 100 cents on the dollar to the Federal Treasury. But the repercussions on our whole economy make these projects nevertheless profitable ventures. Private enterprise cannot undertake a development which does not offer an adequate direct return. The government alone can look beyond the immediate return to the benefits accruing to the society as a whole.

A program of public investment can provide not only a stabilizing balance wheel to our economy; it can also open and enlarge private investment opportunities, revitalize private enterprise, and give us in the generation ahead an expanding economy with rising levels of income and employment.

7. No modern society can endure for long the strains and stresses of deflation, depression, and unemployment. In the seventies and nineties we tolerated serious depression because we were then largely a rural society. But highly urbanized and highly industrialized societies are extremely vulnerable to depression and unemployment. We can no longer take a laissez faire attitude. No government in the future can again permit our national income to fall to one-half in three short years as it did from 1929 to 1932. We shall, in fact, I am convinced, use fiscal policy. The only question is shall we use it haphazardly and, therefore, with quite unsatisfactory results or shall we use a compensatory and developmental fiscal program in a rational and planned way. This is the question.

We have thus far made little headway with a rational fiscal program. The spending program of the thirties was essentially a salvaging process. We salvaged the banks, we salvaged the railroads, we salvaged bankrupt farmers, we salvaged bankrupt home owners, we salvaged the 17 million unemployed with work relief. We now need a positive program to prevent serious depression. Yet the fact is that we are still making no adequate preparations. We have done nothing so far which gives us any assurance whatever that we shall not again be confronted with a devastating depression. And let us not forget that under modern conditions the national income can fall with dramatic suddenness to astoundingly low levels within a few months. Without useful and productive public improvement projects planned ahead we shall again be forced to resort to boondoggling. Our utter lack of a well-developed public investment program is a shocking revelation of economic and financial irresponsibility.

New Rules Bearing On Investment Co. Act

The Securities and Exchange Commission announced on April 17 the adoption of two rules, pursuant to Section 31(a) of the Investment Company Act of 1940, prescribing the period or periods for which records, books, and other documents shall be preserved by registered investment companies and other persons enumerated in the rules. In its announcement the Commission says:

"Rule N-31A-1 is applicable to every registered investment company, and to every underwriter, broker, dealer, or investment adviser which is a majority-owned subsidiary of such registered investment company. The rule prescribes the period or periods for which such persons shall preserve records, books, and other documents that constitute the records forming the basis for financial statements required to be filed pursuant to Section 30 of the Investment Company Act of 1940.

"Rule N-31A-2 is applicable to every investment adviser not a majority-owned subsidiary of, and every depositor of any registered investment company, and every principal underwriter for any registered investment company other than a closed-end company. The rule prescribes the period or periods for which such persons shall preserve records, books, and other documents as are necessary and appropriate to record such person's transactions with such registered investment company."

The rules became effective April 17.

N. Y. Central Switch

Vilas & Hickey, 49 Wall St., New York City, members of the New York Stock Exchange, have issued an interesting circular discussing a switch within the New York Central System which offers attractive possibilities at the present time. Copies of this circular may be had upon request from Vilas & Hickey.

This announcement is not an offer to sell or a solicitation of an offer to buy these securities.
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Canadian Securities

By BRUCE WILLIAMS

The basic truth inherent in the constantly expressed view that the only practical solution of the world currency stabilization problem lies in the "key currency" approach received tacit recognition in the announcement just made on behalf of the 34 allied nations. It would appear that the Bancor & the Unitas can now be buried without even crocodile tears of regret.

Despite the feeling to the contrary, there was never any doubt that the British Commonwealth would support the claims of gold as the ultimate standard not only because of the Empire's vast vested interest, but also because of the City of London's deep-seated faith in the metal as the only practical monetary basis.

It is not without significance that the obvious claims of Lord Keynes as successor to Montagu Norman as Governor of the Bank of England have been set aside in favor of Lord Catto, a staunch upholder of traditional British banking methods as opposed to a life-long exponent of managed money and a pioneer of the "New Deal" monetary philosophy.

It is to be hoped that the next step will be worked out by practical experts drawn from the banking and commercial communities of this country, Britain and Canada operating in concert (if possible also in collaboration with Russia) to fix the value of the key currencies as a preliminary to a global consideration of currency values.

A querulous commentator recently demanded why Canada of all the small countries should be included in such a group. This can be answered by the following summarization of the Dominion's material attainments, apart from the recognition of the fact that Canada has led the world in her wartime management of fiscal matters and price and wage controls:

With only 1/188th of the world's population, Canada ranks first in the production of nickel, newsprint, asbestos, platinum and radium, is second in wood pulp and gold, third in aluminium, copper, zinc, cobalt and silver, and fourth in wheat and lead. The Dominion is the fourth largest producer of the United Nations war supplies, the third world trading nation, the fifth world air power and fourth among the United Nations and the third among the United Nations in sea power.

Finally it can be conclusively stated that of all the leading countries of the world, Canada has the greatest opportunity of further tremendous development by the utilization of her vast untapped material resources, her strategic position on the cross-roads of the world's aviation routes, and last but not least, the basic soundness and ingenuity of her people.

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A current illustration of Canadian financial strength is the proposed modification of the Hyde Park Agreement of April, 1941, which was arranged for the purpose of safeguarding the Dominion's supply of U. S. dollars at the time when Canada was at war and before our involvement. Since then events have conspired to change Canada's foreign exchange position to a radical degree. Instead of a deficit, the Dominion now has an embarrassingly large surplus of U. S. dollars.

Rather than invoke the anomalous provision of the agreement that Canada in such circumstances give reverse lend-lease to this country while she has never accepted a penny of lend-lease aid, it is now agreed, according to a recent statement by Mr. Ilsley, the Dominion Minister of Finance, to lower Canadian holdings of U. S. exchange, by purchasing defense installations, such as airfields built by the U. S. forces in the Dominion. The broad intention, however, of the original arrangement apparently still remains unchanged. Should Canada again become embarrassed by lack of U. S. dollars, there is little doubt that this country will once more take steps to correct the exchange position.

With regard to the market during the past week, the Canadian section like all others was again under the influence of pre-invasion uncertainties. Although exceedingly quiet, prices were well maintained. In fact there were strong bids for Canadian Nationals which could not be filled, which were inspired no doubt by the impending call of the Canadian National 5s of July 1, 1969. The new public issue of New Brunswick 2¼s of 1948 resulted in an immediate sell-out, and bonds were bid at ¼ point above the issue price.

In reviewing future prospect it appears that the lack of offerings in connection with the Sixth Victory Loan points to the fact that the bottom of the barrel has now been thoroughly scrapped. Canada continues to retire her external debt while interest in this country in Dominion obligations continues to increase. It is hard to escape the conclusion, therefore, that when general conditions become more settled the Canadian market here should resume its upward course.

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CANADIAN SECURITIES
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National Income The Measuring Rod Of Our Sales Effort: Fuller

(Continued from First Page)

ress and prosperity ahead. The fact that American business and industry are planning how to lick another depression before it can get started is one of the healthiest economic developments in this country in a long time.

Winning the war, of course, is the first essential to any future planning — whether the planning is by businessmen, by government or by individuals. But the point at this moment is—we are going to win. There can be no doubt about that now. And we must be ready, when V-day comes, to go forward and to meet the new problems, many of which already are apparent.

On the other hand, for business and industry to fail to prepare now for victory would be as lacking in social consciousness and responsibility as the "public be damned" attitude of those rugged individualists of the era of Vanderbilt, Astor, Gould and Fish. Business and industry today have a keen sense of their social responsibility and are demonstrating it in planning for the future.

True to its sense of social responsibility, American business today—and I mean industry, mining, retailing and the whole field of business activity—is thinking in terms of jobs and how to prevent abnormal unemployment in the days to come. Jobs are the big goal. Jobs for Americans after the war is won. Profitable jobs, of course. Jobs which contribute to the general welfare by adding a little more to national wealth than they take out.

That is the way in which we can make progress under the American system. For if there are jobs there also will be profits. Employed people will buy what they want and need. If there are too few jobs there will be losses and business failures. There no longer is a question of which comes first here—the chicken or the egg. Most businessmen have learned some of the economic facts of life. They know that in this day jobs come first. Jobs create profits. Employed men and women are profitable customers. That is an important part of the evolution in business thinking—in economic understanding — that has come about in the last 20 years.

It is in the light of this evolution of business thinking, so marked in many different directions—this broader gauged understanding of what makes America tick—that I prefer to consider post-war planning by business. Post-war planning is the progressive business approach to the social and economic problem of jobs and more jobs.

This is the Golden Rule at work. Contrast business emphasis upon jobs today with the "public be damned" attitude of 30 years ago and you have the measure of how far we have come in developing our social consciousness.

The cynics might label it enlightened selfishness. Whatever it is called, the fact is that business realizes it can be healthy only as the nation and the community are economically healthy. Call it what you will, the important fact is that the American people as a whole benefit from this new and broader outlook.

It is the practical viewpoint that customers who have jobs and a sense of security will buy the products of our mines, fields and factories. Customers who have no jobs are no customers at all. The difference between depression and prosperity is very simple. It is the difference between mass fear and mass optimism. It is what Arthur Brisbane had in mind when he used to caution "Don't sell America short."

There are no idle plants, idle money and idle men when there is no fear. All during the ten years of the depression—up until war came — people wanted and needed things that could have been produced in our idle factories with our idle men and women. It wasn't that we were oversold on goods. We were oversold on fear. And the salesmen of fear were the unfortunate ones on WPA projects. In every man's heart, over and over, was echoed the fatalism of "There, but for the grace of God, go I."

As a nation we have learned a lot since that inglorious era. Wartime necessity has taught us much. It has taught us how to add two and two together. It has taught us the error of some of our ways. For instance, it has taught us the fallacy of an economy of scarcity and all the sophistry that goes with it. We can produce. In peace-time we never produced up to our capacity to consume. We know now that ours was never a problem of over-production. The wants and needs of the American people have never been fulfilled. Our problems rose, we can see now, from underselling. Industry is not decrepit and our economy is not mature. But our selling capacity and progress have failed to keep pace with our capacity to produce. While Americans were patting themselves on the back as the world's greatest salesmen because the pressure of mass selling had necessitated the technique of mass production, we should have been increasing our selling capacity to meet the new and greater responsibility.

Yet, throughout the depression our selling technique was most severely criticized. Not for delivering "too little, too late" but on the fictitious grounds that it had succeeded too well. Some reformers argued that it was wrong to stimulate people to buy things. They attacked brand names. They attacked advertising. They attacked insurance selling. They said, in effect, that selling was non-essential. But selling always has been and today is the secret of America's success. It is the difference between what has been accomplished here and the slow progress of other countries. It is the factor which caused plants and factories to be built and better methods perfected throughout the land so that we were ready to turn the tide of this war toward a United Nations' victory.

It is the stimulation to buy things that they want and need that causes people to be more energetic, more ingenious, more industrious. And these are the elements of America's greatness. Men in America will work harder and be more productive for a big pay envelope with which to buy an Easter outfit for the children than for all the promises of regimented security. A man who wants a new automobile knows the only way to get it is to work harder. And women—they want new hats, and new clothes and new furniture and things—they know how to get them, too. They sell their husbands on working a little harder in order to procure them.

If that is wrong, then it is wrong for mankind to progress from the ape stage. And if that is wrong, then it is wrong today to think about a better world—with peace and prosperity for everyone.

And the evolution in business thinking shows that the critics were equally wrong when they centered their attack on the cost of distribution. They make quite a case about the cost of distribution. You can almost weep, when you hear them, over the argument that these distribution costs prevent some people from buying the things they want and need. But do they? Let's be realistic instead of emotional. What are the factors of the cost of distribution? There are all kinds, salesmen, transportation, advertising, and many other items. One of the larger costs is based on the human desire for service—the delivery from store to your door, the wide range of choice on retail shelves involving large inventory investments. There are charge accounts, bad risks, bookkeeping costs and the similar things involved, all of which the American people have demanded and said they were willing to pay for. But the important thing is that the cost of distribution is the cost of jobs.

Some of these distribution costs could be reduced. You can always eliminate some jobs if you have to. Reducing distribution costs would reduce employment. Do we want to reduce the number of men and women at work? Employment in distribution and related lines had grown greatly in pre-war years. That employment was a hallmark of our higher standard of living. In 1940 there were 12,000,000 men and women employed in these trades. To arbitrarily reduce the cost of distribution by eliminating employment opportunities would mean a slowing of the selling tempo and a corresponding slowing of production. It might well have the effect of bringing higher costs and thus higher prices and in turn smaller sales, less distribution and production.

Any real waste in distribution should be eliminated, of course, just as we benefit by betterment of any process, but the answer isn't to point to some segment of our economy and say "it costs too much" without realizing what the costs represent.

I think the late C. C. Parlin of our company, who originated the whole field of commercial and public opinion research, made this quite clear one day. He had discussed the function of advertising before a large audience when a gentleman thought he saw a chance to hoist Mr. Parlin on his own petard, by attacking the "cost" of advertising. Holding up a full page advertisement from the "Saturday Evening Post," he said, "Mr. Parlin, how much did that page cost?" Mr. Parlin wasn't easily tricked. "Why," he said, "it cost less than 3 cents—less than the costs involved in sending out a penny postcard. I think what you really want to know is how much did it cost for 3,500,000 such pages. Well, the answer is something less than 3,500,000 copies times 3 cents."

Those who attack selling are attacking the very heart-beat of America. Ours is the selling way of life—the way of persuasion as opposed to the way of dictation. It is one of the vital things which we are fighting to defend on a score of battlefronts in the world today. The freedom of choice is as important as any freedom in our way of life.

There have been faults in our sales techniques. Many of them. If there had not been, selling would have kept pace with production through the years and there would have been no need for the misery of the '30s. But the faults have been with the employment of selling, not with the institution of selling. It takes the same business courage to do the necessary selling job as to redesign a product or re-equip a factory.

In our institution of selling we have had a tremendously constructive force in our hands. And we have been timid in using it. That has been one of the principal deficiencies in our selling technique in the past. Too few businessmen have realized that markets have to be built just the same as plants and machinery. Because markets are intangible we have put the emphasis upon production. Actually we make things only because we can sell them. Selling comes first—always. Alexander Graham Bell made a telephone but no one wanted it until there had been proper selling. Now everyone wants one. When the first autos were produced no one wanted them. No one dreamed how important they would become in our pattern of life. Selling did it—not production. And so it is all through the list of things we sell and make today. If there is a better example than insurance I can not imagine what it is. Insurance is entirely a result of selling effort.

And in planning for tomorrow —planning for the post-war world, the better world that is possible for all of us—our job is to raise our sights, utilize our ingenuity and do the sales job that is so necessary in every line of activity. That is the handwriting on the wall. If we fail again to employ selling to its utmost we will be flirting with another depression— or a return of the one we locked in the closet when we hurried off to war.

If the new social and economic consciousness of businessmen is to be put into action when the war is won, it will be through greater sales effort than ever before. And in that way business will fulfill its new social responsibilities.

But let me point out a danger. It is the danger of misunderstanding of so-called purchasing power. It is the danger—and it is very real -- that businessmen will be lulled into a sense of complacency by the astronomical figures on purchasing power. We know that complacency is dangerous. It is just as dangerous in business as in international affairs. It can lead straight to depressions just as surely as internationally it can lead to war.

There are businessmen today, probably many, who believe that because the American people have accumulated a tremendous backlog of purchasing power that all of our economic troubles are ended. That is complacency on the business front. It is true that statisticians can add up a possible purchasing power total of about $100,000,000,000 in the hands of the public. That is a tremendous sum—the greatest sum that ever blessed any economy. But does it mean that on V-day and forever thereafter customers will be waiting on the doorstep of American business clamoring for the goods and services that are offered? Does it mean a wild and wooly spending spree by 135,000,000 people in this country?

The Federal Reserve Board in its April Bulletin indicates that the American people, probably fearing post-war depression, are building backlogs in savings and investments instead of spending recklessly even for the things now available. The Bulletin says:

"While funds available for spending by civilians have increased enormously, a large share of the increase has been added to the civilian holdings of cash, deposits and Government obligations and has not been active in bidding for the limited stock of civilian goods."

Even so, some people seem to think that when the last shot is fired the curtain will automatically rise on a better world, a seller's paradise and that with a probably national income of $135,000,000,000 or more everyone will get a great big juicy slice of the pie—a sort of painless, effortless share-the-wealth Utopia.

That last shot will only end the war—it won't end the world we have known. People will still be people. They will be no purer, no meaner, no wiser, no sillier than they were yesterday. Human nature changes very, very slowly. And it is people that make the world in which we live. It is people that work and save, that buy and sell, that are the employees and the customers of business and industry.

It will still be human nature for boy to meet girl. Women will keep on having the babies. Men will put on their pants—as they always have—one leg at a time. time.

Fundamentals don't change. Business will be entirely a matter of an incentive to buy as well as to sell. A dollar will go only so far, whether it is pre-war or post-war. Everyone will want a fairer share of the fruits of our American civilization. And only those who earn it will get it. Jobs will be more important than doles.

But there is one thing that will be different. Competition will be different. Competition will be tougher. There will be more of it, both within each industry and for the consumer dollar. Competition in peace-time will be the most vital, aggressive force you can imagine.

There not only will be the competition from those who plan to utilize America's tremendous new plant capacity, there will be competition from the new products that this war has speeded to reality and there will be competition from every firm that wants to continue to stay in business. The consumer dollar will be the most sought after thing in this world.

Recently the Research Department of my company completed a survey behind the scenes of American business. It is a survey of the post-war planning done by 350 of the largest companies in 22 major groups of industry. We found that airplane companies plan to make cameras, optical equipment, farm implements, household appliances and building material as their way of helping to dive-bomb another depression. And airplane and diesel engines for airpower will be made by machinery and equipment companies, while firms which have made tires will turn out light metal items and household furnishing suppliers will expand into boats and prefabricated houses.

It sounds like a topsy-turvy world ahead. It's going to be a world of competition, and competition is the essence of free enterprise. Competition is the yeast in our daily bread of progress This new competition means that the bars are coming down and the sky is the limit. The sacred cows are dead.

Those who survive in the post-war world will deserve to live and grow and prosper because they will have done the necessary, sound sales planning job and then carried it through. They will have fully understood that we can produce all that we can sell. The record of war production proves that. Our bottleneck of tomorrow is our selling initiative. We can break it only by packing into our selling the dynamite that will blow open the flood gates.

Then not one industry, but many industries will do what single-handedly the automobile industry did through aggressive selling after the first World War— lick a depression and lift America to new heights of prosperity.

But what about predictions of a national income of $135,000,000,000 or more? Some people will tell you that with such a healthy national income there would be nothing at all to worry about.

There is only one way to get a national income of $135,000,000,000 or more after the war. National income doesn't grow on trees. It isn't manna from heaven. It grows on salesmen's order books. You don't have sales because you have national income— you have national income because you have sales. National income is the measuring rod of our sales effort. It can be high, as it must be if we are going to escape depression— or it can be low, as in the years of the '30s when selling was our idle opportunity — but high or low, national income is simply the figure that selling effort rings up on the American cash register.

But with a backlog of about $100,000,000,000 of purchasing power, and tremendous unfilled wants and needs of the American people, won't sales just naturally be high? Some very sincere people ask that question.

Such complacency about sales effort needlessly prolonged the last depression. It is far more dangerous now. Our whole selling effort— our American incentive system—is at stake this time. The American people will not be complacent about another disappointment.

There is a great fallacy in believing that purchasing power and markets are one and the same thing. Purchasing power is only the potential. It is static. Markets are the actual force. Markets are dynamic. Does a good salesman count a bright prospect as an order in the bag? A salesman who fails to turn prospects into contracts is courting disaster.

If business neglects to turn purchasing power prospects into orders on the books, it, too, will be courting disaster. Good intentions not implemented can pave the road to more want amidst plenty. And that kind of a road can lead right straight to State capitalism this time. Certainly there will be no delaying with further pump priming experiments. Pump priming, you remember, was a theory of getting purchasing power into the hands of the public. But after the war the public won't need purchasing power or pump priming. People will need jobs in order to have the confidence to buy what they want and need and make the wheels go round. If it is up to the Government to provide some form of relief, the pattern the next time, well may be productive employment in socialized, non-profit Government shops, housed in the war production plants built with $16,000,000,000 of the people's money. The temptation may be too great for any administration to resist if the post-war selling job is inadequate to turn purchasing power into markets and jobs and payrolls.

It is pleasant to dream that in the post-war world all we will have to do is turn a crank, producing goods, and that the buyers, somewhat as the Assyrians, "will come down like the wolf on the fold, their pockets gleaming with silver and gold," to paraphrase Lord Bryon. But it isn't being realistic. Those who think they can succeed tomorrow without aggressive selling are living in a never-never land.

To be complacent about purchasing power is like assuming that there is electricity because there are wires. It doesn't mean anything in either case until someone throws the switch. When selling throws the switch and turns purchasing power into markets the engine of our economy runs.

"Markets After the War," the study made by the United States Department of Commerce, discussing purchasing power, says "Granting that human wants are inexhaustible there is also inertia to change."

In this study the Department says, "Even before the war there were notorious examples of consumer groups who showed a distressing preference for part-time employment rather than the more adequate food, clothing and housing which could be bought with a full pay envelope.

"This is a challenge to business enterprise. Can the whole gamut of goods and services be made so attractive and can they be sold so effectively that the consumer will be willing to work about the same number of hours as in 1940 to obtain them? This calls for better market analysis, more sales research, more imagination and ingenuity in developing new products or new markets for old ones, more strenuous efforts to improve promotion and distribution."

The "Wall Street Journal," discussing a WPB survey of the need for civilian goods, said recently that Washington was surprised by the few complaints about shortages and particularly by the disinterest indicated in new washers, ironers, radios and other consumer goods.

Incidentally, that is a great testimonial for the importance of advertising in our national economy. It is a case history of what happens to wants and desires when they are not constantly stimulated through advertising and selling. It is evidence that there was an idle opportunity in the depression years of the thirties to sell more aggressively and create additional wants and desires, which in turn would have increased productivity, employment and payrolls. But in the thirties we did not open the door to the knock of that opportunity. Tomorrow must be different.

Optimism that the public will spend simply because people have money jingling in their pockets, got a jolt last Christmas time. The stores offered toy wagons with wooden wheels, some synthetic goods and some merchandise at pretty high prices. What happened? There were plenty of these goods left over. People still want their money's worth. Human nature doesn't change very rapidly. It takes sales effort to make money flow in the streams of commerce.

In these days the American people are getting lessons in thrift and conservation which may stay with them a long time. Taxes, too, are a restraining force. Obviously,

(Continued on page 1725)

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Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

Market divergence among fire insurance stocks is very pronounced, indicating a degree of selectivity and discrimination not usually associated with this non-volatile group. For instance, in 1943 there was only a moderate uptrend in the market for fire insurance stocks as measured by Standard & Poor's Index, which moved 8.8% from 105.4 to 114.7, and also by a group of 30 representative fire stocks which showed an average appreciation of 8.2%. Yet there was wide divergence within this group, Bankers & Shippers appreciating 21.3% while Security of New Haven declined 2.3%. Since the end of 1943 up to April 20, 1944, this same group of stocks has experienced an average decline of 1.8%, but again there has been wide divergence. Three stocks have registered no change, 18 have declined and 9 have appreciated. Franklin Fire shows the maximum decline with a drop of 12.0%, and Glens Falls the maximum gain with a rise of 5.9%. The record of these 30 stocks for the periods cited is shown in the accompanying table.

Insurance Stock

Comparison and Analysis

Available on Request

Laird, Bissell & Meeds
Members New York Stock Exchange
120 BROADWAY, NEW YORK 5, N. Y.
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Bell Teletype—NY 1-1248-49
L. A. Gibbs, Manager Trading Department

Name—	Asked Price 12-31-42	Asked Price 12-31-43	Market Change	Asked Price 4-20-44	Market Change from 12-31-43
Aetna	$51½	$54¾	+ 6.3%	$52¾	— 3.7%
Agricultural	69½	74	+ 6.5	71	— 4.1
American Alliance	21⅛	22¾	+ 7.7	22¾	—
American Equitable	17½	20	+14.3	17⅞	—10.6
Bankers & Shippers	71¾	87	+21.3	86½	— 0.6
Boston Insurance	537	560	+ 4.3	560	—
Continental Insurance	42	46½	+10.7	45	— 3.2
Fidelity-Phenix	44¼	50	+13.0	49⅜	— 1.2
Fire Association	54¼	64	+18.0	61½	— 3.9
Fireman's Fund	75¼	86½	+15.0	86¼	— 0.3
Franklin Fire	28⅝	29¼	+ 2.2	25¾	—12.0
Glens Falls	38¾	42¼	+ 9.0	44¾	+ 5.9
Great American	27¾	28	+ 0.9	28⅜	+ 1.3
Hanover Fire Insurance	24⅝	26½	+ 7.6	27¾	+ 4.7
Hartford Fire	93	99¾	+ 7.2	101½	+ 1.8
Home Insurance	29⅜	32⅛	+ 9.4	29½	— 8.2
Insurance Co. of N. Amer.	71¾	81¼	+13.2	84¾	+ 4.3
National Fire	56¼	58½	+ 4.0	57	— 2.6
National Union	162	191	+17.9	185	— 3.1
New Brunswick	30⅜	30¾	+ 1.2	31	+ 0.8
New Hampshire	42½	46¾	+10.0	48	+ 2.7
Northern	87½	93½	+ 6.9	94	+ 0.5
North River	23½	23⅝	+ 0.5	23⅝	—
Pacific Fire	99	110½	+11.6	108½	— 1.8
Phoenix Insurance	86	87¾	+ 2.0	83¾	— 4.6
Providence Washington	33⅛	36⅜	+ 9.8	34⅜	— 5.5
St. Paul Fire & Marine	268	298	+11.2	300	+ 0.7
Security Insurance	37¼	36⅜	— 2.3	36⅛	— 0.7
Springfield F. & M.	124½	132	+ 6.0	122	— 7.6
United States Fire	49¼	49½	+ 0.5	48¾	— 1.5
Average			+ 8.2%		— 1.8%

It is of further interest to note that, although the average current market for these 30 stocks is approximately 6.3% above their 12-31-42 level, yet 5 stocks are actually lower, viz: Franklin, Phoenix, Security, Springfield and United States Fire, while Home and North River are each only ⅛ of a point higher.

It is now of interest to consider a somewhat longer period and go back to the market lows of two years ago in April 1942. From April 29, 1942 to April 20, 1944, the average appreciation of the 30 stocks has been 23.6%. Divergence again is quite marked, and ranges from a maximum gain of 59.3% for Fidelity-Phenix to a minimum of 6.6% for Security of New Haven.

If an investor over this period had invested $5,000 equally among the 5 best performers, and $5,000 equally among the 5 poorest performers, his investment results, ignoring dividends and measuring by market gain only, would have been as follows:

$5,000 INVESTED IN FIVE BEST

	4-29-42	4-20-44	Gain
Fidelity-Phenix	$1,000	$1,593	$593
Continental	1,000	1,406	406
Insurance of North America	1,000	1,398	398
Fire Association	1,000	1,382	382
Hanover	1,000	1,370	370
Total	$5,000	$7,149	$2,149 = 43.0%

$5,000 INVESTED IN FIVE POOREST

	4-29-42	4-20-44	Gain
Security	$1,000	$1,066	$66
American Equitable	1,000	1,100	100
Aetna Insurance	1,000	1,116	116
Prov. Washington	1,000	1,220	220
Phoenix	1,000	1,260	260
Total	$5,000	$5,762	$762 = 15.2%

It is elementary to conclude from this brief study that if the investor in fire insurance stocks would secure results reasonably in line with the market, he cannot afford to pick at random 1 or 2 good stocks, but must instead select with great care and also diversify.

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The Menace Of Post-War Silver

(Continued from page 1706)

silver can constitute one-fourth of the basic money (as distinguished from redeemable currency). As yet, it has not reached that point, merely because during the years immediately preceding the present war, there were abnormally heavy importations of gold. This was due to the flight of capital from Europe and other parts of the world, as well as to the heavy purchases of American supplies by the belligerent governments. If such had not been the circumstances at the time, the United States might have had a relatively larger silver monetary supply and its monetary system, instead of being technically on a gold basis, would have been but partially linked to gold. Certainly, if conditions arose under which we were required to make large payments abroad to settle adverse balances or to redistribute more equitably the world's supply of gold, the proportion of silver to gold in our monetary base will be larger than contemplated by the Congressional legislation.

Well, why is it that silver again may be our monetary incubus? A brief review of the nation's experience with silver money may help to answer this question.

In 1791, Alexander Hamilton, though admitting the weaknesses of bimetallism, urged its adoption, on the ground that it would furnish more hard money with which to transact the nation's business. Congress adopted his recommendation, and fixed the ratio of silver to gold at 15 to 1. But silver soon fell in value, and gold dollars ceased to circulate. Congress wanted to bring gold eagles into circulation, so in 1834 the ratio was changed, and in 1837 it was made 16 to 1. This change failed materially to effect the purpose. However, with the advent of the California and Australian gold discoveries after 1848 gold in relation to silver was cheapened, and silver dollars in turn ceased to appear. At that time no section of the country and no important business interest was much concerned over the situation, because the United States' production of silver was comparatively insignificant. So when, on Feb. 12, 1873, Congress, in revising the coinage laws, failed to provide for the free coinage of silver dollars, very little attention was paid to the measure, and scarcely any public comment was made about it.

But just about this time, the American production of silver began to assume enormous proportions. The mines comprising the Comstock Lode in Nevada, alone, gave up more silver than had been produced at any time, anywhere, in the history of the world. This increased output, together with the abandonment of silver as a monetary base by Germany and the continental countries, greatly cheapened silver. It threatened disaster to the new silver industry in the West. Accordingly, a demand arose to restore silver as a metallic base of the nation's currency. Its demonetization by Congress was characterized as "The Crime of '73."

The political agitation bore fruit. As a result, Congress on Feb. 28, 1878 enacted the Bland-Allison Act. This law directed the Secretary of the Treasury to purchase silver bullion at the market price to the extent of not less than $2,000,000 nor more than $4,000,000 in value per month. The Treasury was required to coin this silver bullion into standard silver dollars, i.e., at the mint ration to gold of 16 to 1. This ratio greatly overvalued the silver dollar. The act did not restore the bimetallic system in the nation, since there was no free and unlimited coinage of silver. It merely permitted the circulation of silver dollars along with other currency. Such a system is called "a limping gold standard." The silver dollar remained as subsidiary or fractional coin, but unlike fractional coins, these silver dollars were *not* redeemable in any other money. As they were continuously issued, and not withdrawn, the supply in circulation constantly increased.

As the silver purchased and coined under the Bland-Allison Act was insufficient to offset the vast production of new silver, the agitation for additional silver coinage was renewed. It culminated in the passage of the Sherman Silver Purchase Act of July 14, 1890. This act required the Secretary of the Treasury to purchase silver bullion at the rate of 4,500,000 ounces per month, through the issuance of Treasury silver notes. These notes were made redeemable in silver coin only, and when redeemed, could be reissued, but the amount outstanding could not exceed the cost of the silver purchased.

This injection of a new flood of silver had its natural effect. The nation's currency become redundant, and, in accordance with Gresham's Law, the undervalued metal (i.e., gold) was withdrawn from circulation and exported. The Treasury was unable to maintain sufficient gold to meet the redemption of the "greenbacks" as required by law. The Panic of 1893 was the inevitable result. It shook the economic foundations of the nation, and caused widespread misery and unemployment.

Congress, after several months of acrimonious debate in a special session, repealed the Silver Purchase Act on Nov. 1, 1893. But "the Silverites" did not give up the struggle. As generally happens during a period of severe business depression, there was a loud clamor for cheap money and currency inflation. The Democratic Party was swayed by the clamor, and, due in part to the silver-tongued oratory of William Jennings Bryan, its Presidential nominee, adopted a platform advocating the free and unlimited coinage of silver at the old rate of 16 to 1. The political campaigns that followed rocked the economic foundations of the nation and handicapped the efforts toward financial recovery. Following the final defeat of Bryan, Congress was sufficiently emboldened to ignore the "Silverites," and on March 19, 1900, enacted the Gold Standard Act.

Thus, the silver dollar was again shunted to the position of a subsidiary coin, but it has remained as a malignant growth on the monetary system. Nothing "was done for silver" until 1918, when, in order to replace silver bullion, which, at Great Britain's request during the war, was withdrawn from the Treasury and shipped to the Orient, Congress authorized a repurchase of the same amount at one dollar per ounce. This entailed a Treasury loss of $70,000,000. The act, known as the Pittman Silver Purchase Act, did not increase the silver in American coinage, but it gave a new stimulus to the agitation for again cheapening the currency by diluting it with silver.

An opportunity to take advantage of this agitation came with the banking crisis of 1933, and the ensuing election of President Roosevelt. As stated above, such crises generally lead to a clamor for "cheap money." So the halls of Congress again resounded with the demand to "do something for silver." This time, the agitation was based largely upon the pretense that raising the value of silver would greatly increase our foreign trade, particularly in the Orient, since China, India, and other silver-using countries would be able to buy our goods at lower prices in terms of their own currency. Domestic prices would also be raised, it was argued, and thus business would be stimulated and debtors would be better able

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49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1

TOTAL ASSETS
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Associated Banks:
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Glyn Mills & Co.

Australia and New Zealand

BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)

Paid-Up Capital £8,780,000
Reserve Fund 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000

Aggregate Assets 30th Sept., 1943 £187,413,762

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RESERVE FUND . . . £3,000,000

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Paid-Up Capital £2,000,000
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to meet their old obligations with "cheap money."

These arguments seemed to have convinced the "New Deal" Administration. After devaluing the gold content of the dollar by the Gold Reserve Act of 1934, Congress passed in June of the same year, the so-called "Silver Purchase Act." This monstrous and wholly unwarranted legislation requires the Secretary of the Treasury to buy silver at such places, times, and rates, and terms as he deems in the public interest, with the only limitations that such purchases shall not cause the standard value of the monetary stock of silver to be in excess of one-fourth that of gold, and that the price paid be not more than 50 cents an ounce for domestic silver. This domestic price, however, has been increased by later legislation to 71.11 cents per ounce. The domestic output of new silver was "nationalized" and the Treasury Department was given full power to regulate and control all private dealings in silver.

If the provisions of this legislation are carried out to the maximum degree permitted, no one can readily predict its ultimate effect on our monetary system and national welfare. There was never any intelligent defense of the act, and it has not accomplished any of the results which its advocates promised when it was adopted. Instead of helping, it seriously harmed China, and compelled the government of that country to abandon its age-old adherence to the silver standard. Even Mexico's economic position was temporarily disrupted by the act through silver hoarding and exportation. In fact, Secretary of the Treasury Morgenthau seems to have become convinced of the expense and folly of the silver program, since, in August, 1941, he announced that he "would raise no objection to its abandonment."

The full impact of the evils of the situation will probably not be felt until after the war. In the readjustments that must necessarily take place in order to establish an economic equilibrium throughout the world, it is not unlikely that the United States will be compelled to part with a considerable amount of its vast gold reserve. There is already a substantial movement in that direction, and it is quite probable that the trend will gain momentum. If our currency were without any silver backing there would be nothing to fear from this development. In fact, it should have a curative effect, since it would be furnishing the means whereby we would be enabled to trade with other nations to mutual advantage. Moreover, the gold exports, would act as an effective check against post-war credit inflation.

But neither the Treasury nor anyone else in the United States will be likely to pay for foreign goods and services with silver. No important trading country wants our silver, but they certainly crave some of our gold. The Treasury's silver stock, estimated at around two or three billion dollars, will have to stay put for a while. The result may be, either its "sterilization" or its more important use as a metallic monetary reserve. If it is used, as required by law, as a monetary reserve, it may effectively put the nation's currency substantially on a silver basis.

Of course, much will depend on the future supplies, and the demand for silver. If copper, zinc, and lead production is severely reduced following the war, about three-fourths of the output of domestic silver will be affected. Moreover, there is no necessity of continuing the purchase of foreign silver, despite Section 2 of the Law, which declares "it to be the policy of the United States that the proportion of silver to gold in monetary stocks be increased, with the ultimate objective of having and maintaining one-fourth of the total metallic stock in silver." Moreover, the law directs or permits the Secretary to sell silver whenever the amount on hand exceeds the legal quota.

And here we have the problem! If, when the nation returns to a normal and equitable gold reserve in comparison with similar reserves of other nations, the United States Treasury seeks to sell its excess silver, who will want to buy it at anywhere near its cost price? Unlike gold, silver has not been sent out of war-torn Europe, and notwithstanding widespread property destruction, silver in the form of coin, bullion and plate has been largely preserved, and will again reappear from hiding when conditions are normal. There will be no great demand for monetary silver after the war. Certainly, all things considered, it may be presumed, that before the post-war silver problem is solved, the nation will undergo a severe financial loss—a loss that must fall upon taxpayers who were more harmed than benefited from the foolish monetary policy established during the last decade.

The outlook at present makes the silver incubus seem inescapable. Only through an unexpected and unusual trend in national or international monetary policies that will create a new demand for silver, can there be a favorable outcome of the situation.

Reconversion Principles Proposed By Leading Economists To Avoid Unemployment & Inflation

Widespread unemployment, inflation, unnecessary shortages in civilian goods, and black markets are in prospect when the war ends unless there is prompt action now in reconversion from war to peacetime production, eight leading economists warned on April 23.

Anxious to help avoid disastrous post-war conditions and to aid in the solution of the country's many intricate problems growing out of reconversion, the economists announced the formulation of a set of principles designed to avoid inflation, to maintain employment, to combat possible black markets, and to insure maximum production of consumer goods at the earliest possible time consistent with war needs for the benefit of both consumers and producers.

The eight economists who have joined together as the Economists Committee on Reconversion Problems are: Dr. Jules I. Bogen of New York University; Dr. Neil Carothers of Lehigh University; Dr. John M. Chapman of Columbia University; Dr. W. W. Cumberland of Wellington & Co.; Dr. W. I. King of New York University; Dr. Ernest Minor Patterson of the University of Pennsylvania; Dr. Ray B. Westerfield of Yale University; and Dr. Ivan Wright of Brooklyn College.

With the announcement of their purpose, the members of the Committee also made public a bulletin on "Reconversion Problems," through which their individual and collective views on various phases of reconversion are made known. This bulletin, in addition to containing the Committee's "Statement of Principles," includes individual articles by four members of the Committee. Articles by the other members of the Committee, as well as other leading economists and representatives of business and the public, are to appear in future issues.

The Committee's "Statement of Principles" follows:

"The nation should not wait until the war is over to study and solve the problems of reconversion of industry from a war to a peace basis. Some industries are in position to begin reconversion today, and others will be able to do so before the end of the war either in Europe or in the Pacific.

"Unnecessary delay in reconversion will serve only to:

"1. Make the task ultimately far more difficult, and the resulting disruption to the economy greater.

"2. Add to the danger of inflation by curtailing the production of consumer goods, thereby fostering black markets.

"3. Create unemployment in communities where war jobs no longer provide employment for the whole working forces.

"4. Weaken the civilian economy further because replacements cease to be available for essential products that wear out.

"Insofar as the production of civilian goods does not interfere with war needs, such production should be encouraged. The American public is determined to win this war, and needless delay in increasing production of consumer goods when materials, plants and manpower are clearly available could only injure morale by fostering the impression of inefficiency in the direction of the war effort.

"Reconversion of industry to the production of necessary civilian goods can be furthered by the adoption of the following principles:

"1. Relaxation of restrictions on the use of scarce materials after adequate supplies and stockpiles have been assured for the needs of the present war period.

"2. Modification of limitation orders on the manufacture of consumer durable goods when the War Production Board finds that materials, plant and manpower are available to make them. Necessities would be given preference over luxuries in the relaxation of restrictions.

"3. Price controls should be withdrawn gradually, but any continuing price control should be flexible enough to permit manufacturers and distributors of civilian goods to earn a reasonable return. Under such flexible control, every effort should be made to lower costs and prices through the expansion of sales volume."

National Banks Building Up Surplus to Equal Or Exceed Common Stock

Surplus has been built to equal or exceed common capital in approximately half of the 5048 nationally-chartered banks, it was stated on April 24 by Comptroller of the Currency Preston Delano. During the calendar year 1943, more than 200 national banks were added to the list of those which had reached this goal, said the advices which further stated:

"The Congress has provided that before declaring a dividend on its common stock, a national bank must add to its surplus at least one-tenth of its net profits for the preceding half year until the surplus equals the amount of the common capital.

"The banks in the District of Columbia are ahead of those in any state in building surplus to equal capital, three-fourths of them being in that class."

Trading Markets
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Mutual Funds

Progress Continues

The National Association of Investment Companies recently published a memorandum reflecting the views of State Securities Commissioners on the subject of investment company sales literature. As stated in the memorandum, the objective of the Commissioners **"is to eliminate all sales literature of an objectionable nature and to encourage healthy competition based upon an accurate presentation of all the relevant facts in such a manner as will be clearly understood by the investor without undue effort on his part."**

The points made (and to be enforced by the Commissioners beginning April 15) are mild and reasonable in the opinion of the writer. Boiled down to their essence, they might be listed as follows:

1. Predictions of future market values of mutual fund shares are not permitted.
2. Price comparisons with past market levels should give both sides of the picture.
3. Performance comparisons with general market averages should be fair and cover representative or significant periods, with proper adjustments for capital gains dividends.
4. Direct performance comparisons with competitive funds for the purpose of inducing "trade-outs" are not permitted.
5. All data with reference to dividend payments should make a clear distinction between payments from net investment income and payments from capital gains.

Not only would it be difficult to quarrel with these regulations but, by their very moderateness, they testify to the progress which the industry has made in the matter of self-regulation in recent years. With such cooperation between the regulatory authorities and the investment companies through their association, the steady progress of the field toward its rightful place in the American economy should continue.

* * *

National Securities & Research Corp. has published a new descriptive folder on **First Mutual Trust Fund.** In addition to listing the assets held on April 1, 1944, the folder invites consideration of the important features of the fund, which are discussed briefly under separate headings.

"Prospective Employment Problems" is the subject which comes under discussion in the current issue of **Investment Timing.** The following interesting conclusion is reached:

"Unemployment is showing a rising tendency, which will develop after the war as war production ends and demobilization proceeds during reconversion. It is unlikely, however, again to reach disastrous figures owing to an anticipated high production level following a relatively short period of readjustment. Its post-war extent thereafter will be linked to the national income and industrial production levels, which may range respectively between $100 and $135 billions and 125-175 for the Federal Reserve Board Index."

(Continued on page 1727)

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Growth Of Savings And Loan Associations In Indiana Continues

By IVAN E. COOPRIDER

Secretary-Treasurer, Savings and Loan League of Indiana

League Official Sees Post-War Outlook Bright

Savings and loan associations in Indiana are making substantial contributions to the Nation's war effort. During 1943, the 246 associations in the state purchased $26,000,000 of United States Government securities, bringing their total government bond holdings to more than $48,000,000. Since Pearl Harbor, these associations have sold more than $30,000,000 of government bonds to the individual investors of their communities. Dealing as they do with a large number of small investors, this has meant the issuance of almost 1,000,000 individual small Savings Bonds.

Ivan E. Cooprider

The ordinary business activities of the associations during 1943 were carried on with reduced personnel as many of the younger savings and loan people have answered the Nation's call to the colors. Despite the additional war work which associations were called upon to do, particularly in the issuance of Series E Savings Bonds, the associations were able to handle a large volume of new savings and investment accounts and many new home mortgage loans were made. During 1943, new savings and investment funds in excess of $50,000,000 were received, making the net increase in the association's share accounts $26,000,000. All of this net increase was invested in government securities in order to aid the war effort.

More than 20,000 additional Indiana families during 1943 were started down the road to eventual debt-free home ownership by obtaining monthly amortized home mortgage loans from Indiana savings and loan associations. This brings the total number of present borrowers to 98,000 families. Savings and investment families in the associations total 204,000, making a grand total of 302,000 Indiana families represented in the associations. This means that the associations are serving more than one-third of all the families in the state either as savers or borrowers.

The associations made new mortgages aggregating $41,363,000. However, the additional war income in the state stimulated more rapid amortization of outstanding loans so that total repayments on outstanding mortgages during the year accounted for an inflow of $42,400,000.

The association's cash position at the end of the year was up $3,600,000 over the preceding year, making total cash $19,307,000. Cash and redeemable and marketable government bonds owned by the associations amounted to $67,673,000, or approximately 25% of the associations' total resources. Total resources increased during the year $25,000,000.

While the associations' gross income during 1943 was lower than

(Continued on page 1727)

Savings And Loan League Of Indiana Elects Officers & Executive Committeemen

The Savings and Loan League of Indiana at its annual election meeting chose the following officers and committeemen for the coming year:

President — George E. Hayes, President First Federal Savings and Loan Association, Marion, Ind.

First Vice-President—Arthur W. Allen, Secretary Home Building and Loan Association, Washington, Ind.

Geo. E. Hayes

Second Vice-President—Thomas S. Gozdecki, Assistant Secretary Peoples Federal Savings and Loan Association, East Chicago, Ind.

Immediate Past President—Edward W. Springer, Secretary Atkins Saving and Loan Association, Indianapolis 4, Ind.

Executive Committeemen—Donald L. Adair, President South Bend Federal Savings and Loan Association, South Bend, Ind.; Matt J. Vlasic, Secretary First State Savings and Loan Association, Gary, Ind.; James H. Haberly, President First Federal Savings and Loan Association, Fort Wayne, Ind.; L. B. Chalkley, Secretary Peru Federal Savings and Loan Association, Peru, Ind.; Otto C. Neumann, Secretary First Federal Savings and Loan Association, Lafayette, Ind.; Clyde W. Andrews, Secretary Merchants Loan and Savings Association, Terre Haute, Ind.; Leo F. Welch, Secretary Celtic Federal Savings and Loan Association of Indianapolis, Indianapolis, Ind.; E. F. Hadley, Secretary Mooresville Federal Savings and Loan Association, Mooresville, Ind.; Willard T. Jordan, Secretary Henry County Building and Loan Association, New Castle, Ind.; Frank Hatfield, Secretary Bedford Federal Savings and Loan Association, Bedford, Ind.; Edward L. Plane, Secretary Mid-West Federal Savings and Loan Association, Evansville, Ind.; George E. Padgett, Secretary The Gibson County Perpetual Building and Loan Association, Princeton, Ind., and Glenn M. Keach, Secretary Home Savings and Loan Association, Seymour, Ind.

Increase In Reserves Of Savings, Loan Ass'ns

Reserves maintained despite record expansion in resources and the practical disappearance of repossessed real estate from the balance sheets feature the consolidated statements compiled recently from 295 savings, building and loan associations in Illinois and Wisconsin reporting to the Federal Home Loan Bank of Chicago for 1943. A. R. Gardner, President of the Bank, which is their reserve credit institution, points out that while they were increasing their share and investment accounts by 23% during the year, they showed 6.75% in reserves as of Dec. 31, 1943, compared with 6.55% 12 months before. The figures are from all associations in the district whose share accounts are insured by the Federal Savings and Loan Insurance Corporation.

New Savings And Loan League Appoints Executive Manager

The National Savings and Loan League, new organization of home-financing associations, announced that Oscar R. Kreutz has resigned as general manager of the Federal Savings and Loan Insurance Corporation at Washington, and has accepted appointment as of May 1 as the executive manager of the League.

The announcement was made by S. H. Bever of Fort Worth, who was elected president of the League at its organizational meeting last December. Since 1941, Mr. Kreutz has been head of the federal agency which insures the safety of investments in some 2,450 savings and loan associations throughout the country.

The new League will establish offices in Washington, D. C., about May 1, Mr. Bever said. Its first annual convention will be held in New Orleans on May 30 and 31.

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Jan. 1, 1940 — Total Assets $1,333,505.03
Jan 1, 1941—Total Assets $1,809,241.85
Jan. 1, 1942—Total Assets $2,606,222.01
Jan. 1, 1943—Total Assets $3,507,391.71
April 1, 1943 — Total Assets $4,116,114.21
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HOME FINANCING
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ASSETS
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Peace Time Housing Program Should Rest In Private Hands

National Housing Agency Administrator Holds Government Should Extend Necessary Assistance And Stimulus But Responsibility Should Remain With Local Citizens And The Builders And Financing Institutions

In addressing the Philadelphia Home Builders Association on April 18, John B. Blanford, Jr., Administrator of the National Housing Agency, advocated the participation of private industry and private capital to the maximum extent possible in both the war and the peacetime housing programs. After pointing out that since Pearl Harbor "more than 1,000,000 new or converted family dwelling units have been or will be produced by private builders" and more than $4,000,000,000 of private capital (constituting two-thirds of the total investment) have been invested in the war housing construction program, Mr. Blanford remarked: "In my judgment, our immediate preparation for post-war must be to decide where the lines of responsibility must run to assure the most effective development of our housing resources. Until common agreement is reached on this point, it will be impossible to move into high gear when full peace-time production again is possible.

John B. Blandford Jr.

"In the National Housing Agency, we feel that the primary responsibility for peacetime housing rests with the communities in which the housing will be built, with the citizens who will live in it, with the builders and institutions who will develop and finance it, and with the workers who will build it. We do not believe that the Federal Government should directly program or build housing in communities in peacetime. But we also believe that this community responsibility carries with it the obligation to plan for meeting local housing needs much more effectively and completely than in the past: to determine how much housing is needed and where, what kind, and how in general it can be built and financed.

"The Government should extend every necessary assistance and stimulus to this community housing process. It should assemble the national information and conduct the national research to keep communities and the industry abreast of the best developments in housing technique, planning and financing. It should stimulate maximum performance by private enterprise through such tested national aids as FHA mortgage insurance and the Federal Home Loan Bank System, and whatever new methods of indirect assistance may prove desirable. Perhaps it should establish machinery for federal financial aid to communities to break the bottleneck of high land costs in urban redevelopment.

"It should seek in every way possible to aid private capital to serve the mass market with good housing. As representative of the people as a whole, the Federal Government must also work constantly toward the goal of decent housing for all American families. It must therefore be ready with direct financial aid through the Federal Public Housing Authority to help meet the share of the total need that cannot be adequately served by other types of housing production and finance."

"Broad responsibility and equally broad opportunities rest with the private building industry of this country. With the benefit of its wartime experience, it stands on the threshold of a large potential new market. This, in short is the mass housing market of America—composed of millions of families who will want good housing after the war, who do not have it now and who will be able to pay an economic price for an efficiently produced product. If the industry can develop this market—and I'm sure it can—it will be rewarded by a vastly greater volume of profitable production than it has ever enjoyed in the past. But it will not be an easy task and the responsibility for achieving it will rest with industry itself, even though communities and the Federal Government do everything within their power to help.

"In my judgment, it is the responsibility of the private building industry to concentrate all its energies and talents in carrying out this big new job successfully. I hope the building industry will not miss this opportunity or fumble this ball because it has been distracted by straining to occupy the bottom segment of the housing market. Clear, sober thinking should identify this area as one which clearly calls for subsidy. No transient, fancy formula can confuse this fact. This segment is fundamentally a rental area involving complicated and vexatious operating problems—and it is an area where governmental assistance in the form of a subsidy inevitably carries with it governmental regulation, be it local or federal or both.

"I believe if we all accept our full responsibilities and face the facts realistically we can move forward confidently to the post-war period. The prime remaining requirement is that we aim high. We must seek a 5 to 7 billion dollar industry—not a 2 or 3 billion dollar industry. We must seek a sustained production rate of a million to a million and a half new houses a year, not 400,000 or 500,000. In this way we can progress toward a goal of good housing for all Americans. In this way we can challenge the resourcefulness of all American producers of housing, and achieve a level of housing production, employment and profits commensurate with the horizons ahead of us.

"This is in the American tradition of progress."

Thomas S. Holden Foresees Increase Of Private Building

President Of F. W. Dodge Corporation Predicts An Abandonment Of Government "Artificial Stimulation Of Public Works"—Thinks Local Resources Ample For Post-War Construction Revival—Anticipates A Construction Volume In The Post-War Decade Double That Of 1930-1939

Speaking at the 23rd Annual Meeting of the New York Building Congress, Inc., at the Hotel Astor, New York on April 26, Thomas S. Holden, President of F. W. Dodge Corporation and a past President of the Building Congress, reviewed the evidence, as expressed by political leaders and members of Congress, concluding that the Federal Government was abandoning the philosophy of the "artificial stimulation of public works" in favor of the free enterprise system. After pointing out that "the F. W. Dodge Corporation has accumulated since September, 1942, reports on 33,900 specific construction projects contemtemplated for the post-war period," with an estimated construction cost of $8,300,000,000, Mr. Holden stated:

Thomas S. Holden

"Within the range of these estimated increases, I expect private building and engineering work to increase by considerably larger percentages than public projects. The principal reason why I expect this to happen is that I see our post-war as a private-enterprise economy and not as a government-dole economy."

Continuing his remarks regarding the post-war construction outlook, Mr. Holden stated: "It is my belief that construction revival will start, not with any grandiose Federally-subsidized works program, but with thousands of deferred maintenance and repair projects greatly needed to put our present private and public facilities in proper shape. Estimates of deferred maintenance and repair needs throughout the country run from three to four billions of dollars. Such work is going on in a very limited way today; it will increase in volume just as quickly as restrictions can be relaxed, which may be done in some degree even before Germany is defeated in Europe. This work is undertaken for protection of present investments in existing properties, and does not have to wait until the trends of post-war rents and post-war construction costs become clear enough to stimulate new private investment. Early in the revival will also come the building of homes on owner's orders for owner's occupancy and use. In many cases these will be built on lots already owned and with savings already earmarked for down payments.

"City building, however, aside from urgently necessary public improvements that can be financed locally, will largely consist of investment building, in which consideration of current rent-levels and current construction costs will figure very largely. This is a factor which places a definite responsibility upon the construction industry. Rents and construction costs are today held down by price controls. When controls are lifted, practically all commodity prices, construction costs and rents will tend to rise above wartime levels. Much depends upon whether these rises will be orderly and moderate and whether the higher construction costs will bear a reasonable relationship to general commodity prices and to rents. Thus, the producers and suppliers of materials and building labor have a direct responsibility in developing New York's construction market. Maintenance of a sound cost structure is one kind of salt to put on prosperity's tail.

"The extent to which any local community, whether it be Albert Lea, Minnesota, or metropolitan New York, will participate in post-war national prosperity and the anticipated post-war construction revival will depend, first upon the economic assets of the community, and second, perhaps even more importantly, upon the energy and initiative of its people. We can set up the economic and political framework of an enterprise system, as we are pleased to call it; but the thing we designate by that term is really a minimum of system and a maximum of enterprise—enterprise which is defined in the dictionary as "boldness, energy and invention." To appraise New York's future potentialities, it is necessary to add to statistical enumerations of its economic assets such evidences as we can find of its resources in initiative and business leadership.

"Now I hope my optimism as to the future prosperity of the United States and of New York does not give the impression that I think this prosperity will be achieved without difficulty, that there are no obstacles to be overcome, no problems to be solved. The problems are many and great. Over all will be the problems of taxation, on national, State and local levels. There is the problem of devising sound equity financing for investment building projects, including large-scale urban redevelopment projects. There will be the problem, mentioned earlier, of holding construction costs in line with general price levels, cost of living and rents; this will be a continuing problem, if we are to maintain our prosperity after we get it, if we hold on to our bird after we have put salt on its tail. At some stage there will be the problem of adequate numbers of skilled building craftsmen. In the early post-war stage there will be the problem of controlling inflation; later there will be the problem of controlling the boom. I take it, we all hope that this time, if we're smart enough to put salt on prosperity's tail, we'll be smart enough to catch the bird and hold it, instead of letting it get away from us, on account of our own mistakes and abuses, as we did in the great boom that followed World War I. As a matter of fact, the major post-war problems for our whole economy will be controlling inflation and controlling the boom.

"Standing here today, I do not know the answers to all these problems. But I do know that none of them can be licked in a mood of defeatism and fear, any more than a war can be won without confidence in the capacity of the people and their leaders to make the superhuman effort required for victory. I am sure we cannot conquer post-war problems until we have completely recovered from our depression hangovers, until we set our minds and hearts to plan courageously, boldly, consistently for prosperity; and realistic planning for prosperity must include full undertsanding of the problems, the obstacles, and the dangers that we face. To my mind, it is absurd to think that we shall win the war and lose the peace."

Electronics Outlook Good

A. L. Stamm & Co., 120 Broadway, New York City, have issued an interesting study of the electronic industry with emphasis on Emerson Radio & Phonograph. Copies of this study, which discusses the favorable outlook for this field, may be had upon request from A. L. Stamm & Co.

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Ohio Municipal Comment

(Continued from page 1714)

be had from governments, after taxes.

Mounting Tax Rates

By "after taxes," we mean the net yield after normal tax and surtax deductions. Probably some people are buying municipals at what seem to be high prices in comparison with governments, because they cannot be sure just what tax rates they will have to pay in the future. We have just been advised of a small bank, in a small town in Ohio, that finds itself now paying a tax of 53%. The high rate, of course, is because the bank now finds itself paying excess profits taxes. Of late, and especially since tax bills were figured for 1943, there has been increasing talk among bankers about the possibility or probability, of their paying excess profits taxes. But most of the talking has come from larger banks, and it would seem advisable for the smaller institutions also to consider the possibility, or the actuality.

With F. I. du Pont & Co.

Francis I. du Pont & Co., members of the New York Stock Exchange, announce that Lloyd A. Kayser, formerly with H. Hentz & Co., is now associated with them as co-manager of their branch office at 342 Madison Avenue.

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UNION PACIFIC RAILROAD COMPANY

FORTY-SEVENTH ANNUAL REPORT — YEAR ENDED DECEMBER 31, 1943

To the Stockholders of Union Pacific Railroad Company:

The Board of Directors submits the following report for the year ended December 31, 1943, for the Union Pacific Railroad Company, including Oregon Short Line Railroad Company, Oregon-Washington Railroad & Navigation Company, Los Angeles & Salt Lake Railroad Company and The St. Joseph and Grand Island Railway Company, whose properties are leased to the Union Pacific Railroad Company. The lessor companies have certain income and charges, and the figures in the Income Account, other than those relating to transportation operations, and in the Surplus Account and General Balance Sheet and tabulations and tables relating thereto are stated on a consolidated basis, *excluding offsetting accounts between the companies.*

INCOME

The operated mileage at close of year and income for the year 1943, compared with 1942, were as follows:

Operated Mileage at Close of Year	1943	1942	Increase	Decrease
Miles of road	9,781.57	9,836.94	--------	55.37
Miles of additional main track	1,540.07	1,537.86	2.21	
Miles of yard tracks and sidings	4,360.73	4,304.27	56.46	
Total Mileage Operated	15,682.37	15,679.07	3.30	
Transportation Operations				
Operating revenues	$480,274,934.19	$353,064,543.08	$127,210,391.11	
Operating expenses	300,074,772.40	219,039,130.43	81,035,641.97	
Revenues over expenses	$180,200,161.79	$134,025,412.65	$46,174,749.14	
Taxes	126,063,144.79	61,744,143.59	64,319,001.20	
Railway Operating Income	$54,137,017.00	$72,281,269.06	--------	$18,144,252.06
Rents from use of joint tracks, yards, and terminal facilities	1,806,832.53	1,802,117.44	$4,715.09	
	$55,943,849.53	$74,083,386.50	--------	$18,139,536.97
Hire of equipment—debit balance	$11,769,780.36	$10,328,128.04	$1,441,652.32	
Rents for use of joint tracks, yards, and terminal facilities	2,968,214.03	2,730,538.63	237,675.40	
	$14,737,994.39	$13,058,666.67	$1,679,327.72	
Net Income from Transportation Operations	**$41,205,855.14**	**$61,024,719.83**	--------	**$19,818,864.69**
Income from Investments and Sources other than Transportation Operations				
Income from oil operations in Southern California—net	$8,836,651.48	$7,790,678.43	$1,045,973.05	
Dividends on stocks owned	4,646,877.50	4,285,213.50	361,664.00	
Interest on bonds, notes, and equipment trust certificates owned	1,968,880.78	2,208,436.78	--------	$239,556.00
Income from unfunded securities and accounts	1,036,950.32	323,267.63	(a) 713,682.69	
Rents from lease of road and equipment	188,050.06	181,508.03	6,542.03	
Miscellaneous rents	404,982.51	390,799.92	14,182.59	
Miscellaneous income	1,793,638.08	618,958.70	1,174,679.38	
Total	$18,876,030.73	$15,798,862.99	$3,077,167.74	
Total Income	$60,081,885.87	$76,823,582.82	--------	$16,741,696.95
Fixed and Other Charges				
Interest on funded debt	$13,570,444.39	*$13,714,512.88	--------	$144,068.49
Interest on unfunded debt	567,147.93	*419,935.13	$147,212.80	
Miscellaneous rents	48,975.15	31,635.69	17,339.46	
Miscellaneous charges	602,059.43	573,514.45	28,544.98	
Total	$14,788,626.90	$14,739,598.15	$49,028.75	
Net Income from All Sources	**$45,293,258.97**	**$62,083,984.67**	--------	**$16,790,725.70**

DISPOSITION OF NET INCOME

		1943	1942	Increase	Decrease
Appropriated to a reserve against possible refunds on U. S. Government shipments		$10,000,000.00	--------	$10,000,000.00	
Dividends on Stock of Union Pacific Railroad Co.:					
Preferred stock:					
2 per cent paid April 1, 1943	$1,990,862.00				
2 per cent paid October 1, 1943	1,990,862.00	$3,981,724.00	$3,981,724.00		
Common stock:					
1½ per cent paid April 1, 1943	$3,334,365.00				
1½ per cent paid July 1, 1943	3,334,365.00				
1½ per cent paid October 1, 1943	3,334,365.00				
1½ per cent payable January 3, 1944	3,334,365.00	13,337,460.00	13,337,460.00		
Total Dividends		$17,319,184.00	$17,319,184.00		
Transferred to Earned Surplus—Unappropriated		**$17,974,074.97**	**$44,764,800.67**	--------	**$26,790,725.70**

(a) Principally interest on short-term U. S. Government obligations. * Restated.

Operating results for year 1943 compared with year 1942:

	1943	1942	Increase	Decrease	Per Cent
Average miles of road operated	9,817.07	9,856.45	--------	39.38	.4
OPERATING REVENUES					
Freight	$357,590,629.30	$282,241,762.85	$75,348,866.45	--------	26.7
Passenger	86,742,472.28	45,793,903.42	40,948,568.86	--------	89.4
Mail	7,591,031.31	6,209,043.77	1,381,987.54	--------	22.3
Express	6,948,722.07	5,606,469.70	1,342,252.37	--------	23.9
Other passenger-train	10,856,957.62	6,261,538.26	4,595,419.36	--------	73.4
Switching	2,804,776.72	2,500,884.50	303,892.22	--------	12.2
Other	7,740,344.89	4,450,940.58	3,289,404.31	--------	73.9
Total operating revenues	$480,274,934.19	$353,064,543.08	$127,210,391.11	--------	36.0
OPERATING EXPENSES					
*Maintenance of way and structures	$66,153,250.85	$45,570,296.54	$20,582,954.31	--------	45.2
*Maintenance of equipment	82,040,968.89	59,889,098.15	22,151,870.74	--------	37.0
Total maintenance	$148,194,219.74	$105,459,394.69	$42,734,825.05	--------	40.5
Traffic	5,737,895.88	5,148,256.71	589,639.17	--------	11.5
Transportation—rail line	125,863,402.08	94,219,700.36	31,643,701.72	--------	33.6
Miscellaneous operations	12,296,457.31	7,404,479.07	4,891,978.24	--------	66.1
General	7,982,797.39	6,807,299.60	1,175,497.79	--------	17.3
Total operating expenses	$300,074,772.40	$219,039,130.43	$81,035,641.97	--------	37.0
Revenues over expenses	$180,200,161.79	$134,025,412.65	$46,174,749.14	--------	34.5

TAXES	1943	1942	Increase	Decrease	Per Cent
State and county	$10,006,674.26	$9,600,000.00	$406,674.26	--------	4.2
Federal income and excess-profits	$103,000,000.00	$42,526,201.58	$60,473,798.42	--------	142.2
Federal capital stock	2,095,026.49	1,812,031.50	282,994.99	--------	15.6
Federal unemployment insurance	5,216,242.79	3,878,172.96	1,338,069.83	--------	34.5
Federal retirement	5,653,102.61	3,878,145.86	1,774,956.75	--------	45.8
Other federal	92,098.64	49,591.69	42,506.95	--------	85.7
Total federal	$116,056,470.53	$52,144,143.59	$63,912,326.94	--------	122.6
Total taxes	$126,063,144.79	$61,744,143.59	$64,319,001.20	--------	104.2
Railway operating income	$54,137,017.00	$72,281,269.06	--------	$18,144,252.06	25.1
Equipment rents (debit)	11,769,780.36	10,328,128.04	$1,441,652.32	--------	14.0
Joint facility rents (debit)	1,161,381.50	928,421.19	232,960.31	--------	25.1
Net railway operating income	$41,205,855.14	$61,024,719.83	--------	$19,818,864.69	32.5
Per cent—Operating expenses of operating revenues	62.48	62.04	.44	--------	.7
FREIGHT TRAFFIC *(Commercial Freight only)*					
Tons of revenue freight carried	53,707,020	45,568,297	8,138,723	--------	17.9
Ton-miles, revenue freight	35,114,333,801	27,185,067,113	7,929,266,688	--------	29.2
Average distance hauled per ton *(miles)*	653.81	596.58	57.23	--------	9.6
Average revenue per ton-mile *(cents)*	1.018	1.038	--------	.020	1.9
Average revenue per freight-train mile	$9.84	$8.74	$1.10	--------	12.6
PASSENGER TRAFFIC *(Excludes Motor-Car Trains)*					
Revenue passengers carried	6,837,683	3,941,870	2,895,813	--------	73.5
Revenue passengers carried one mile	5,055,572,955	2,570,621,803	2,484,951,152	--------	96.7
Average distance hauled per passenger *(miles)*	739.37	652.13	87.24	--------	13.4
Average passengers per passenger-train mile	268.07	162.09	105.98	--------	65.4
Average revenue per passenger-mile *(cents)*	1.711	1.776	--------	.065	3.7
Average revenue per passenger-train mile, passengers only	$4.59	$2.88	$1.71	--------	59.4
Average total revenue per passenger-train mile	$5.47	$3.70	$1.77	--------	47.8

*Includes depreciation and amortization charges:			
Maintenance of way and structures	$4,201,438.68	$364,048.18	$3,837,390.50
Maintenance of equipment	13,869,226.25	12,087,723.53	1,781,502.72

GENERAL BALANCE SHEET—ASSETS

	December 31, 1943	December 31, 1942	Increase	Decrease
Investments:				
Road and Equipment	$1,038,062,158.19	$1,017,326,273.24	$20,735,884.95	
Less:				
Receipts from improvement and equipment fund	$23,823,091.13	$23,823,091.13		
Appropriations from income and surplus prior to July 1, 1907, credited to this account	13,310,236.52	13,310,236.52		
Total	$37,133,327.65	$37,133,327.65		
Road and equipment property	**$1,000,928,830.54**	**$980,192,945.59**	**$20,735,884.95**	
Donations and grants (Credit)	*$11,601,881.04*	(a) *$11,517,056.41*	*$84,824.63*	
Sinking funds	$50.00	$50.00		
Deposits with trustees in lieu of mortgaged property	$87,099.34	$3,847,435.55	------	$3,760,336.21
Miscellaneous physical property	$23,415,009.60	$24,532,578.02	------	$1,117,569.02
Investments in affiliated companies:				
Stocks	$18,679,175.24	$19,424,941.91	------	$745,766.67
Bonds, notes, and equipment trust certificates	4,244,230.08	6,035,782.38	------	1,791,552.30
Advances	11,822,158.87	10,907,817.58	$914,341.29	
Total	$34,745,564.19	$36,368,541.87	------	$1,622,977.68
Investments in other companies:				
Stocks	$62,835,342.31	$63,380,981.35	------	$545,639.04
Bonds, notes, and equipment trust certificates	35,296,364.23	41,962,376.46	------	6,666,012.23
Total	$98,131,706.54	$105,343,357.81	------	$7,211,651.27
Reserve for adjustment of investments in securities (Credit)	*$34,460,580.68*	*$34,972,395.88*	------	(b) *$511,815.20*
Total Investments	**$1,111,245,797.89**	**(a) $1,103,795,456.55**	**$7,450,341.34**	
Current Assets:				
Cash	$49,668,817.16	$48,954,293.85	$714,523.31	
Temporary cash investments (U. S. Government securities)	150,000,000.00	53,071,600.00	96,928,400.00	
Special deposits	1,190,326.88	1,064,705.68	125,621.20	
Loans and bills receivable	691.67	1,081.67	------	$390.00
Traffic and car-service balances—net	6,231,459.20	2,934,219.19	3,297,240.01	
Net balance receivable from agents and conductors	9,152,643.18	11,583,973.69	------	2,431,330.51
Miscellaneous accounts receivable	38,307,142.90	20,600,386.90	17,706,756.00	
Material and supplies	37,271,076.62	41,933,468.65	------	4,662,392.03
Interest and dividends receivable	1,385,807.87	949,943.31	435,864.56	
Rents receivable	74,247.44	141,694.81	------	67,447.37
Other current assets:				
Baltimore and Ohio Railroad Co. capital stock applicable to payment of extra dividend of 1914	111,359.10	111,451.10	------	92.00
Miscellaneous items	26,110.03	9,902.36	16,207.67	
Total Current Assets	$293,419,682.05	$181,356,721.21	$112,062,960.84	
Deferred Assets:				
Working fund advances	$88,991.99	$77,651.48	$11,340.51	
Estimated post-war refund of Federal excess-profits taxes	7,969,203.00	--------	7,969,203.00	
Other deferred assets	37,706,538.94	17,198,406.80	20,508,132.14	
Total Deferred Assets	$45,764,733.93	$17,276,058.28	$28,488,675.65	
Unadjusted Debits:				
Rents and insurance premiums paid in advance	$14,689.20	$41,516.89	------	$26,827.69
Discount on funded debt	541,440.32	573,134.36	------	31,694.04
Other unadjusted debits	4,973,782.49	6,957,973.94	------	1,984,191.45
Total Unadjusted Debits	$5,529,912.01	$7,572,625.19	------	$2,042,713.18
Grand Total	**$1,455,960,125.88**	**(a) $1,310,000,861.23**	**$145,959,264.65**	

(a) Restated to conform with change in Interstate Commerce Commission classification, under which the amounts of donations by individuals or companies and of grants by governmental authorities, towards the cost of road and equipment property acquired, formerly included in "Appropriated Surplus" and "Grants in Aid of Construction" (a liability account), respectively, are now included in one account, "Donations and Grants," as a deduction from investments.

(b) Principally loss from sale of Baltimore & Ohio R. R. Co. common stock, charged to this account.

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GENERAL BALANCE SHEET—LIABILITIES

	December 31, 1943	December 31, 1942	Increase	Decrease
Capital Stock:				
Common stock	$222,302,500.00	$222,302,500.00		
Preferred stock	99,591,580.79	99,591,580.79		
Total Capital Stock	$321,894,080.79	$321,894,080.79		
Funded Debt	368,713,027.66	(a) 372,653,858.42	------	$3,940,830.76
Total	$690,607,108.45	(a) $694,547,939.21	------	$3,940,830.76
Due to Affiliated Companies	$7,256,427.72	$8,522,803.23	------	$1,266,375.51
Current Liabilities:				
Audited accounts and wages payable	$21,172,642.15	$16,687,467.95	$4,485,174.20	
Miscellaneous accounts payable	1,357,291.37	1,344,021.79	13,269.58	
Interest matured unpaid:				
Coupons matured, but not presented	1,198,563.76	879,179.26	319,384.50	
Coupons and interest on registered bonds, due first proximo	4,056,795.70	4,072,620.20	------	$15,824.50
Dividends matured unpaid:				
Dividends due but uncalled for	256,918.58	233,867.14	23,051.44	
Extra dividend on common stock declared Jan. 8, 1914, payable to stockholders of record March 2, 1914, unpaid	120,187.05	120,279.05	------	92.00
Dividend on common stock payable third proximo	3,334,365.00	3,334,365.00		
Unmatured interest accrued	678,689.99	686,557.91	------	7,867.92
Unmatured rents accrued	223,594.18	228,797.10	------	5,202.92
Accrued tax liability	126,622,054.84	51,043,131.35	75,578,923.49	
Other current liabilities	11,721,771.57	1,326,009.23	10,395,762.34	
Total Current Liabilities	$170,742,874.19	$79,956,295.98	$90,786,578.21	
Deferred Liabilities:				
Other deferred liabilities	$10,617,435.15	(a) $8,803,632.46	$1,813,802.69	
Unadjusted Credits:				
Premium on funded debt	$68,358.34	$84,393.02	------	$16,034.68
Reserve for fire insurance	12,038,375.50	11,230,055.07	$808,320.43	
Reserve for depreciation	154,248.449.16	143,142,923.85	11,105,525.31	
Reserve for amortization of national defense projects	10,064,407.87	4,196,461.28	5,867,946.59	
Other unadjusted credits:				
Contingent interest	1,854,700.72	1,941,972.07	------	87,271.35
Miscellaneous items	24,425,546.03	11,062,241.52	13,363,304.51	
Total Unadjusted Credits	$202,699,837.62	$171,658,046.81	$31,041,790.81	
Total Liabilities	$1,081,923,683.13	(b) $963,488,717.69	$118,434,965.44	
Surplus:				
Paid-in surplus	$860.00	(a) $860.00		
Earned surplus—appropriated:				
Additions and betterments	$28,522,352.23	(b) $28,522,352.23		
Funded debt retired through income and surplus	2,303,568.66	1,903,078.66	$400,490.00	
Sinking fund reserves	50.00	50.00		
Estimated post-war refund of Federal excess-profits taxes	7,969,203.00	--------	7,969,203.00	
Reserve against possible refunds on U. S. Government shipments	10,000,000.00	--------	10,000,000.00	
Total Earned Surplus—Appropriated	$48,795,173.89	(b) $30,425,480.89	$18,369,693.00	
Earned Surplus—Unappropriated	**$285,670,239.12**	**(a) $276,515,632.91**	**$9,154,606.21**	
Total Earned Surplus	$334,465,413.01	(a) $306,941,113.80	$27,524,299.21	
Total Surplus	$334,466,273.01	(b) $306,941,973.80	$27,524,299.21	
As this consolidated balance sheet excludes all intercompany items, securities of the Los Angeles & Salt Lake Railroad Company and The St. Joseph and Grand Island Railway Company owned by other System companies are not included. The difference between the par and face value of such securities as carried on the books of the issuing companies (less unextinguished discount on the bonds and discount charged to Earned Surplus but added back in consolidating the accounts) and the amounts at which the securities are carried on the books of the owning companies is set up here to balance	$39,570,169.74	$39,570,169.74		
Grand Total	**$1,455,960,125.88**	**(b) $1,310,000,861.23**	**$145,959,264.65**	

(a) Restated to conform with changes in Interstate Commerce Commission classification, under which (1) liability under equipment purchase contracts, formerly included in "Other Deferred Liabilities," is now included in long-term debt, and (2) Unappropriated surplus, formerly stated in one amount as "Profit and Loss—Credit Balance," is now segregated between "Earned Surplus—Unappropriated" and "Paid-in Surplus."

(b) Restated.

EXPENDITURES CHARGEABLE TO INVESTMENT IN ROAD AND EQUIPMENT PROPERTY

Additions and Betterments (excluding equipment)	$6,779,459.40
Equipment	18,007,152.48
Total Expenditures	$24,786,611.88
Credits to investment in Road and Equipment Property:	
Cost of property retired and not replaced	$1,286,535.32
Cost of equipment retired	2,764,191.61
Total Credits	$4,050,726.93
Net increase in investment in "Road and Equipment Property"	$20,735,884.95

High Spots In Department Of Justice Arguments Against Stabilization Rule

In view of the importance to the security business of the Department of Justice's attack on the legality of the price stabilization covenants in underwriting agreements, the "Chronicle" publishes herewith certain extracts from the oral argument of Lawrence S. Apsey, Special Assistant to the Attorney General, before the Securities and Exchange Commission in Philadelphia on April 11. These extracts are designed to reflect the Department's attitude regarding the prevailing method of securities distribution.

Securities Business a "Dangerous Instrumentality"

"The respondent [NASD] would have us believe that there is something unique about the securities business, which takes it out of this rule [that price fixing agreements are unlawful **per se**] and establishes it on some untouchable mountain top, which, of course, would make things very rosy for those on the peak. Maybe it is because finance is a mystery to many people that the bankers have attempted to enshroud it in a veil of sanctity and to contend that any tampering with the financial mechanism will cause the entire economic structure to come tumbling about our ears. This psychology is based on fear, perhaps naturally so, since the high and mighty in the financial world, taking advantage of the preoccupation of the common people in non-financial affairs, have not hesitated to separate them from their savings from time to time. If the securities business is unique, this is so rather in its potentiality for harm than in any presumption that it necessarily operates in the public good. From the investor's point of view it is clearly a dangerous instrumentality. Congress has declared this business to be 'affected with a national public interest,' (Exchange Act, Sec. 2) and has subjected it to stringent regulation by the Commission.

The Security and Exchange Acts Are Only Supplementary to Anti-Trust Laws

"The whole framework of the Exchange, the Securities Act, and other statutes administered by the Commission is supplementary to the aims of the anti-trust laws to maintain open markets, free from artificial restraints, and to protect the interest of consumers, who in the investment field, are termed investors. . . . The necessity 'for protection of investors' is a constantly repeated refrain through the sections of the Act.

"Congress could not have shown its intent to apply the principles of the anti-trust laws to security dealings any more clearly than by the provisions of Section (B) (7) of the Maloney Act to the effect that an association of brokers or dealers should not be registered as a national securities dealers association unless it appears that the rules of the association are designed among other things, 'to provide safeguards against unreasonable profits or unreasonable rates of commissions or/and the public interest, and to remove impediments to, and perfect the mechanism of, a free and open market; and is not designed . . . to fix minimum profits, to impose any schedule of prices, or to impose any schedule or fix minimum rates of commissions, allowances, discounts, or other charges . . .'

"The further requirement of Section (B) (7) that the rules shall 'promote just and equitable principles of trade' cannot be construed, in view of its vague and general nature, to require the observance of contractual relations which impede the mechanism of a free and open market. . . .

"It is clear that the price maintenance contracts guarantee to the underwriters and dealers certain minimum profits, which, simply because they are guaranteed, are unreasonable. Such contracts establish an artificial market and therefore preclude any mechanism of a free and open market. . . ."

The SEC's Requirement of An Offering Price in Registration Statements Not to Be Construed as "An Agreed Price"

"The language of Par. 16 requiring the issuer [of new securities] to disclose the price at which it is proposed that the securities shall be offered to the public makes it clear that Congress intended the proposal of an initial offering price. Certainly no requirement can be read into this provision that the underwriters should agree among themselves or with dealers to offer the securities at that price, much less to maintain that price during the period of distribution. . . .

"The initial price is only an hypothesis representing the guess of a comparatively small group as to the fair valuation for that security. There is nothing in Par. 16 to indicate that the law of supply and demand should not be permitted to operate as a check on that original hypothesis and to establish the sounder appraisal of the entire investing public. Congress indicated the contrary by recognizing in Section 16, the continued application of the Sherman Act, through the provision that the rights and remedies provided by the Securities Act 'shall be in addition to any and all other rights and remedies that may exist at law or in equity.'

"Underwriters Are Throwing Monkey-Wrench Into American Economy"

"For every evil which it is alleged will result from price-maintenance provisions, a corresponding benefit may be postulated. Proponents of the anti-trust philosophy point out that it is the underwriters and dealers who are throwing the monkey-wrench into the American economy by creating an artificial market and upsetting the natural course of events. It is they who seek to substitute the fallible judgment, as to price, of a handful of underwriters, with a financial axe to grind, for the collective judgment of the investing public, which might otherwise be registered in a free and open market.

"The extreme position of the respondents that no investors will come forward at the issuing price, and that no underwriter or dealer would undertake original distribution without price maintenance provisions is already refuted by the fact that several issues have been successfully distributed in recent weeks without these provisions. Granting that the performance under present market conditions is no test as to the full effect which the elimination of price maintenance provisions might have at other times, it shows that investors do come forward and dealers will distribute in the absence of such provisions. In many issues, distribution is completed in a very short time, and the market price, after termination of the underwriting agreements, is higher than the offering price. Knowledge of these facts will cause most investors to come forward promptly to avoid being compelled to buy at a higher price after distribution has been completed.

Elimination of Price Maintenance Will Reduce Underwriter's Risk

"Proponents of the anti-trust philosophy urge that the distribution [of securities] will not be impeded by the increased risk to underwriters. Elimination of price maintenance agreements will remove at least one element of risk; namely, that the distribution will be unduly retarded by an effort on the part of the sellers to maintain an excessive offering price. Any effort by the underwriters to increase their charges to issuing corporations can be thwarted by competitive forces, since underwriting profits are ample to permit competing underwriters to absorb the increased risk and bid each other down to present rates, if issuers feel that charges are being unduly increased.

"If underwriters refrain from such bidding for reasons of so-called 'business ethics,' the solution may be found in compulsory competitive bidding. . . . The same considerations will apply to thwart any effort by dealers to increase charges."

Supreme Court Rules Newsboys Employees

The United States Supreme Court, on April 24, in an 8 to 1 decision, ruled that the determination of whether a worker is an employee within the meaning of the Wagner Labor Act, should be based on Federal rather than state law and that the National Labor Relations Board has broad powers, in doubtful cases, to make that determination.

Associated Press advices from Washington, reporting this on April 24, also had the following to say regarding the decision:

The 8 to 1 decision upheld an N. L. R. B. ruling that full-time newsboys selling four Los Angeles newspapers are employees, not "independent contractors," and therefore are guaranteed the right of bargaining collectively with the newspapers.

Involved were newsboys, who sell newspapers at fixed places, and so-called "checkmen" who issue the newspapers to newsboys. "The Los Angeles Evening Herald and Express," "Examiner," "News" and "Times" had refused to bargain with the workers' union, the Los Angeles Newsboys Local Industrial Union No. 75, Congress of Industrial Organizations affiliate.

The majority of opinion by Associated Justice Wiley Rutledge held that determination of the newsboys' status could not be settled under State law because that would mean that persons who might be employees in one State would be independent contractors in another. Justice Rutledge said: "Both the terms and the purposes of the Wagner Act, as well as legislative history, show that Congress had in mind no such patchwork plan for securing freedom of employees' organization of collective bargaining."

Associate Justice Owen J. Roberts dissented, declaring it is plain "within the meaning and intent" of the act that the newsboys are not employees.

The Outlook For The Interest Rate

(Continued from first page)

than does the long-term rate and the causes for the fluctuations are usually found in the reserve positions of the banks. Changes in the long-term rate, on the other hand, take place more slowly and tend to reflect the change in the net productivity of capital. Short-term rates, therefore, are more susceptible to control through changes in banking practices and regulations than are long-term rates.

I do not wish to imply, however, that the interest rates found on the different kinds of obligations in the money market do not bear a relation one to another because they do. There is a very real relation between the short-term bank rate of interest and the rate on long-term bonds. But for the purpose of this discussion, we need not directly concern ourselves with this phase of the problem.

Composition Of An Ordinary Interest Rate

What is commonly called the interest rate on a bond or a mortgage consists of three elements: (1) Pure interest, (2) A payment representing insurance against the estimated risk in the loan, and (3) An item to defray the costs incurred in connection with making and carrying out the loan contract.

The rate on U. S. Government bonds is probably as good an illustration of a pure interest rate as can be found today. There is less doubt about the principal and interest on those bonds being paid than on any other security in the world. The wide variety of interest yields now being afforded by different railroad bonds shows how the payment for risk varies in the ordinary market rate of interest. Some railroad bonds today are selling on an interest return as low as 3% and others on a return as high as 8% or 9%. The fact that the interest rate on a well-secured mortgage loan is usually higher than that on a good bond is mainly accounted for by the greater expense involved in taking care of a portfolio of mortgage loans.

The item in the nominal interest rate that the lender insists on having for assuming the risk of lending his capital and for the defraying of the costs of supervising his investments varies from time to time. Right now this item is the lowest on record. It is only about one-quarter of 1% on the highest grade corporate bonds and about 1% on mortgage loans. May I state that I think experience may well prove that this differential between the pure interest return on Government bonds and the yield on these other forms of investments is much too small. The net yield on war bonds may well turn out to be higher in the end, when loss of principal and expense of handling are considered.

But whatever may turn out to be the correct payment for assuming the risks and defraying the costs of taking care of investments, there has been growing up for the last several years what might be called "A Cult of Low Interest Rates." In England as well as in this country it seems to be taken for granted that interest rates for an indefnite time in the future must be kept low. Two main reasons are advanced for this belief: (1) It is stated that otherwise the interest on the government debt will be too great a burden for the taxpayer to pay, and (2) Low interest rates are necessary to prevent deflation and to encourage borrowing so that business will expand in the years after the war.

It is further maintained by these advocates of low interest rates that the need for cheap money will be so imperative after the war that the government will be compelled to do whatever is necessary to see that the low rates are maintained. The problem thus presented, therefore, naturally breaks itself up into two parts: (1) Are low interest rates in themselves a positive good, essential to the maintenance of future prosperity and a sine qua non of maintaining the government's credit, and (2) If low interest rates are essential, can the government keep them low? And under what conditions and at what costs?

Low Interest Rates Not Essential To Prosperity

Let us first consider briefly how essential are low interest rates to the maintenance of prosperity? Is there any reason for thinking that the all-time low interest rates of the last decade had much influence in restoring business to a higher level of activity? What determines whether or not a man will borrow money to expand his business? Does not the question, in itself, imply the obvious answer, namely, that he will borrow money when he thinks he can put it to use in his business and obtain a return therefrom which will be sufficient not only to pay the cost of borrowing it but also to give him something beside to pay him for taking the risk in going to the trouble of borrowing it in the first place.

The simple truth is that business men borrow when they think they can use additional money to advantage and, when they do not believe that such conditions exist, they will not incur obligations, no matter how cheap money may be. Interest, even at a rate of 6%, is such a small factor in the cost of production and distribution of most articles that its reduction to 2% or 3% is not a sufficient reduction in cost to encourage business expansion, when other conditions essential for such expansion do not exist.

In fact, even in the flotation of bonds issues for the financing of capital improvements in such industries as the public utilities, where the interest cost is perhaps as important as in any segment of our industrial life, no correlation at all can be found between the amount of bond issues put out and the rate of interest which justifies one in believing that low interest rates lead to increased capital flotations. In fact, quite the reverse is true. You will find in periods of rising interest rates the amount of new stock and bond issues tends to increase, while in periods of declining interest rates they tend to decrease. I am not saying, here, that high interest rates are a cause for increased borrowing. I am only stating that other factors control the amount of the demand for capital much more than does the interest rate.

Throughout the decade of the twenties, new capital issues each year were well in excess of $5 billion; in 1929 they were approximately $10 billion. During this period of time, the interest rate on long-term government bonds was usually in excess of 3½% and on Aaa Corporate bonds in excess of 4¾%. During the thirties, when long-term government bonds sold to yield less than 2½% and Aaa Corporates less than 3¼%, new capital flotations did not reach 20% of the amount in the twenties. Is it not obvious that other factors than the cost of money are the determining factors in influencing the amount of borrowing? Among these other factors is the tax structure, the wage scale, and the whole possibility of making a profit on the transaction.

Time does not permit me to discuss at all adequately whether or not extremely low interest rates are necessary to keep the Treasury from going bankrupt after the war. May I be permitted, however, to point out one amusing inconsistency in the argument of those who insist that such is the case? So far as the total amount of the government debt is concerned, these advocates of low interest rates insist that its size is of little moment because the debt is an internal debt—all owned within the boundaries of the nation. "A nation can't go bankrupt by paying interest to its citizens," runs the argument, "because such payments only entail a transfer of money. Certain citizens of the country pay the interest and others receive it." This, of course, is obviously true. But is it not reasonable, therefore, to ask what is the difference then whether the interest on the debt is 2%, 3%, 4% or even higher? The argument is just as long as it is broad. It will take from some and give to others. The only difference would be that if the interest rate is a little higher on a given amount of government debt, you would have to transfer more from certain people to other people.

Now I do not want to give any support to the specious doctrine that the size of the government debt is of no importance. I simply want to point out that you cannot argue on that premise and then say that it is essential to have a low interest rate in order to maintain the government's credit.

Causes For Low Interest Rates During The "Thirties"

Now, let us go back and briefly review what were the principal causes for the extremely low interest rates which prevailed in the thirties. When we see the conditions that caused those low rates then perhaps we can form some intelligent estimate of whether similar conditions are likely to prevail to cause low rates after the war is over.

I think it is generally admitted that there were four principal factors which caused the low money rates of the thirties: (1) The large influx of gold which continued until this country had nearly 75% of the world's monetary gold. (2) A continuous decline in the amount of bank loans, both for security and commercial purposes. (3) Decline in the demand for new capital. New issues of stocks and bonds other than for refunding purposes, as I have previously indicated, regained only a small fraction of the 1920-1930 volume, and (4) The cheap money policy pursued by the Federal Government. First, when reserve banks in 1932-1933 pumped over $1 billion of excess credit in the banking system. Then, later, when the reserve banks stopped this process, the deficit financing of the Treasury, through the sale of bonds to the banks, created a huge volume of deposits which the banks were unable to loan out at almost any rate because of the decline in the demand for loans. There may have been other minor factors which caused the low interest rates of the thirties but these four, I think it is generally admitted, were the principal ones.

Let us now see whether or not these factors which brought about the low money rates of the thirties are likely to continue after the war, or whether they have come to an end. Is this country likely to continue to receive, after the war, such an influx of gold as it received in the years immediately preceding it, or may we be confronted with an outflow of gold? No one can be certain but I think it likely, if there is to be any monetary base at all for the currencies of the other nations of the world, that those nations may be desirous of taking back some of the ear-marked gold which is now held in this country, and they may even want to retain some of the newly mined gold.

Secondly, is it reasonable to expect that the bank loans will continue to decline after the war? Here, I think the answer is obvious. The banks do not have enough loans at the present time, even if they do decline, to materially affect their credit position. Bank loans can almost certainly move only one way after the war and that is upward. Should they continue downward, there will soon be no loans in the banking system.

Thirdly, may we expect the volume of new corporate securities offered in the market to increase or decline? Here, no one knows what will take place. But of this I think we may be certain, namely, if the country enters into a period of prosperity, we may confidently expect increased issues of new stocks and bonds because only in this way do corporations receive the new fixed capital necessary for their expansion.

And now, finally, we have come to the fourth factor which governed interest rates during the thirties, namely, the fiscal policy of the government. Can the government, through the Treasury and the Federal Reserve Banks so manipulate the money market that the long term rate of interest can be kept low just the same as it was during the depression of the thirties?

Interest Rates Will Be Low For Duration Of War

Here I wish to state that so long as the war continues there is little doubt but that the government can keep the interest rate low. We need expect little or no private borrowing either for production or consumption so long as the government is exercising the war time controls over business. But the maintenance and even the tightening of these controls over prices, production and consumption, in general, must continue throughout the war if the interest rate is to be kept low. Likewise, taxes must also be kept high and if the people do not voluntarily save enough to buy the proper amount of war bonds, then even compulsory saving might have to be resorted to. For the very essence of preventing interest rates from rising is the prevention of inflation and rising prices.

It must also be remembered that deficit financing, through the sale of government bonds to the banks, in its early stages makes for low interest rates rather than higher ones. The government spends the bank deposits which it creates by selling its bonds to the banks and these deposits, when spent, build up individual and corporate bank deposits, thereby making it unnecessary for these latter to borrow. This process, of course, has been going on apace during the last two or three years and is responsible for the tremendous increase in bank deposits and currency which is taking place. The market has been glutted with money and bank credit. The owners of this money and bank credit think of them as savings, which they are so far as the individual is concerned, but which they certainly are not, so far as the nation as a whole is concerned.

Inasmuch as the transfer of all kinds of goods, whether consumption or capital, is affected through the mediation of money, the public constantly thinks of capital in terms of money rather than in terms of goods, and it reasons therefrom that an increase in the supply of money and bank deposits is synonomous with increasing the supply of capital. Upon close analysis, of course, such a deduction is obviously absurd. The wealth of the nation cannot be created by increasing its supply of paper money nor by making entries on the books of its banks. To clarify your thinking on this matter, ask yourself the question, why is it that the government cannot send you a dividend tomorrow, on April 15th, instead of asking you to pay it part of your income. If governments can create capital, we have been tolerating high taxes way too long.

At the beginning of an inflationary movement, therefore, interest rates are temporarily depressed through an increase in the country's supply of money and circulating bank credit. So long as the increased amount of money and bank deposits remain inactive and the velocity at which they circulate is low, the increase has little or no effect upon prices. This was our experience during the thirties and on the whole, we may say it has been our experience thus far during the war. But is it reasonable to expect that the tremendous increase in purchasing power inherent in the supply of money and bank deposits will continually remain unused? No competent student denies the inflation potential that exists in this excess purchasing power. The difference in opinion is over whether or not there may be an attempt to spend it for goods and services faster than it is possible for the goods and services to be turned out.

Without expressing any opinion as to the degree to which the productive output of this nation may be expanded under such an impetus, I think it must be admitted that when government controls are removed, the increased supply of money and bank credit will be used and will make itself felt in rising prices. If it does not, there is not likely to be much business expansion. Should prices once get into a full upward swing, it has been the experience of the past that the velocity of money and bank deposit circulation increases. With rising prices, there is a tendency for everyone to desire to buy goods today because he feels that they are going to be dearer tomorrow. The storekeeper will want to increase his inventory. The manufacturer will want to add to his plant and buy in advance a supply of raw materials. Contractors will start to build houses. In short, with rising prices, almost everyone who expects to be in the market for anything in the near future rushes to buy it as soon as possible just because prices are going upward and because he fears if he waits it will make his purchase cost him more later.(1) Thus, what is commonly spoken of as a "seller's market" is created. A spirit of confidence is engendered. This stimulus to business, which we have seen many times in our country's history, the latest in the stock market boom of 1928-1929, greatly increases the demand for capital of all kinds and pushes up interest rates.

This rise in prices soon consumes the glut of currency and bank deposits which were created by the government's inflationary practices and then when business comes to the banks and asks for additional credit to carry on an increased volume of business at the higher price level, it finds instead of a superabundance of money and credit that the banks are loaned up and money is tight.

If one graphs the level of interest rates and the level of commodity prices, he finds that they follow the same general trend, moving up together in times of inflation and declining together in times of falling prices.

But some of you are probably saying that the government has in its power so many things which it can do to keep interest rates low, that it is foolish to expect them to increase. It is true that numerous methods are available to the Federal Reserve System at the present time to keep interest rates low. In spite of the fact that the ratio of gold to federal reserve deposits and currency has declined during the past year and a half from about 83% to about 61%, we still have plenty of gold. Should this decline continue for the next year and a half, however, at the same ratio, we will be down to the approximate 40% legal limit. Of course legislation could be asked for lowering the gold requirements of the banks. Or again the Federal Reserve Act provides that the Board of Governors could declare an emergency suspension of all gold requirements. Again, under the so - called Thomas amendment, a certain number of greenbacks can be issued without any backing and, of course, our huge stocks of silver could be monetized. The government could also transfer for reserve purposes the free gold now in the Stabilization Fund. The Board of Governors could also reduce member bank reserve requirements. Federal Reserve Banks could also issue Federal Reserve Bank Notes instead of Reserve Notes thus providing currency expansion without the need of so much gold reserve.

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(1) No doubt the tremendous productive capacity of this nation will prove a mighty force toward keeping prices low, even should the "inflationary potential" inherent in the increased bank deposits and currency be fully utilized. It is obvious, however, that there is a limit to the productive capacity of even this nation, and when that limit is reached, any additional creation of purchasing power by credit expansion must lead to rising prices.

It is obvious that there are numerous ways which the Federal Reserve can use to continue cheap money so long as the war lasts, but it must be reiterated that each and every one of them carries with it potential inflationary dangers. During a period of war, under the spell of patriotism, when people are willing to submit to rationing and tight controls over their spending habits, and when business is closely controlled by the needs of war, such inflationary credit manipulations may be carried on without doing any immediate harm. Is it not doubtful, however, whether such an ever increasing huge volume of bank deposits and currency as will be created thereby can be held inactive when the government controls over spending and over production are once removed?

It seems almost certain that they cannot be held inactive if a period of business prosperity and expansion follows the war for no conceivable increase in production could be brought about quickly enough to meet the increased demand of this inflationary potential, when once its full force and effect was made felt in the markets for goods. Prices would then rise much in the same manner as they did in 1919. In discussing this problem recently, the Hon. Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, stated:

> "There can be no doubt therefore, that inflation controls should be maintained during this transition period (from war to peace.) Continued rationing and price controls will be needed in the domestic market, and licensing control of exports should be retained. Wartime taxes should be kept up, including the excess profits tax, although it may be desirable to reduce the present 95% rate to, say 75%, in order to encourage efficiency, economy, and increased production."

Whether or not the public will continue in power a government that continues to levy wartime taxes and exercise wartime controls, after the war is over, is anyone's guess. I think it doubtful. But let them be removed and thereby be generated after the war a spirit of confidence in business and the velocity of our bank deposits and currency will materially increase. We may well be faced, therefore, with the following dilemma after the war is over. Either a continuation of taxes and controls of such a nature as may prevent business from expanding or a reduction of taxes and a removal of the controls in order to get the expansion,, but which will lead to a much higher price level. Briefly stated, there is a good chance that the tremendous increase in bank deposits and currency which has resulted from financing the war, is going to bring about a higher price level either because conditions are going to get better, which will cause a healthy increase in prices, or because conditions are going to get so much worse that confidence in the financial stability of the government will eventually be impaired through a continuance of unbalanced budgets, and then we would have a runaway price inflation, of the type usually described as a flight from money.

The point I am making here is that the limiting factor in the government controlling the short-term interest rate is the factor of confidence and the possibility of inflation. No government can continue to manufacture bank credit indefinitely without reaping the whirlwind of inflation. The only way it can continue it for a period of time, without suffering the evil effects of inflation, is by exercising strict controls through rationing. As Harold G. Moulton, the President of the Brookings Institution, phrased it some time ago, "It will be necessary for the government to make a choice. With unlimited debt expansion and the manufacturing of credit, inflation cannot be prevented without the use of totalitarian methods of control."

It is well to remember that Germany kept the interest rate low when she was rearming in the thirties with almost no gold in her banks and with a scarcity of capital in the country. Likewise, the Russian Government more or less completely abolished the interest rate in that land. I trust I need not point out to you, however, how different were the controls over business in those two countries from that in ours. Their governments controlled practically everything in addition to the interest rate.

And this brings me to my last point. It may well be possible for a government to so control interest rates as always to keep them low, but it seems to me nonsense to argue that a country can have a controlled interest rate and at the same time enjoy a free enterprise system, have a free capital market, and an uncontrolled price level. It is nonsense because we cannot have these things at one and the same time for they are contradictory. Free enterprise and a free capital market and a controlled interest rate are mutually incompatible.

Is it not obvious that to control the long-term rate of interest a government must first effectively abolish the market for capital? Is not interest merely the price of capital? Prices are normally made in markets and the essential to a market is that the bids and the offers made therein must be free. A government could not tolerate this if it adopted a policy of a controlled interest rate because someone might come into the market and bid more for the capital than the rate set by the government. It seems obvious that the government would have to control the dispositions of savings as they were accumulated and to do this it would have to substitute its will for the wills of the owners of the savings and for those who wished to borrow them. This is exactly what the governments of Germany and Russia did when they controlled the interest rate. Such control, it seems to me, over the disposition of investment capital makes a government, in the final analysis, the sole entrepreneur of the community. Competition in this field would have to be excluded.

Personally, I can see no escape from this conclusion. Nor do I believe it an over-simplification to state that any government which seriously sets about to control the long-term rate of interest will find that in the end it must first control the entire system of capital saving and capital investment, and then it will find that this will require the control of practically everything else in our whole economic life. No doubt there are those who would like to see such controls exercised but let us who believe in free enterprise be careful lest we advocate some individual control which will make such free enterprise impossible.

Conclusion

Now, may I summarize my position. It is somewhat as follows:

(1) The long-term rate of interest is determined by the net productivity of capital. This is set at the price business men will pay for it in the open market. It is not something arbitrarily fixed by legislative enactment. The wider the market and the greater the chance for profit the higher will be the bid price—the interest rate—for the available supply of capital. The underlying cause for the low interest rates of the thirties—more important than all other causes combined—was the relative absence of competing business men in the capital markets for the savings of the nation. No doubt there were many contributing causes for this absence but the bottom one was the fact that business men saw no use to which they could put additional capital without incurring risks which seemed to them too great to bear for the chance of gain that might ensue therefrom.

(2) The conditions that caused the low interest rates of the thirties are not likely to prevail after the war, if a period of business expansion and prosperity follows the war. History shows beyond peradventure of a doubt that periods of business expansion, rapid invention and general prosperity have been accompanied by rising interest rates.

(3) The government cannot control the rate of interest over any long period of time merely by such manipulations of our monetary and credit structure as reducing bank reserves or lessening the gold content of the dollar or monetizing silver or printing greenbacks. In the end, all such manipulation will inevitably result in rising prices and inflation, or in a loss of confidence, disorganization and anarchy, which will be followed by some form of totalitarian control.

(4) For the government to control the interest rate and make it artificially low, indefinitely in the future, will entail a control over much of our whole industrial life. A controlled interest rate and a free enterprise system with a free capital market is contradictory.

(5) Even with war controls removed and given a free enterprise system, I do not expect the interest rate, in the years after the war, to be as high as it was from 1900 to 1920. Before the last war, we were a debtor nation, importing capital. Since then, we have been a creditor nation, exporting capital. This makes a great difference in the interest rate. Compared to debtor nations, interest rates in creditor nations tend to be low.

(6) Finally, my fear is that interest rates may tend to be relatively low after the war, not because the government will make them so but because there will not be sufficient business expansion at home to make a large demand for capital and because a peace may not be made which will open up the capital markets of the world and make it easy and safe for this nation to export capital. Rather than to look upon a possible rise in interest rates after the war as a source of danger to the country, may I conclude by saying that if one could be certain at this time that they were going to increase gradually, it would be a cause for much satisfaction. Prosperity and rising interest rates are infinitely to be preferred even though the interest burden of the government debt become greater than is depression, unemployment and low interest rates.

National Income The Measuring Rod Of Our Sales Effort: Fuller

(Continued from page 1717)

it will take greater sales effort than before to do as much business in post-war days as in the past.

A great many people have accumulated a money reserve for the first time in their lives in this era of high wages and liberal overtime. If you thought another depression was around the corner would you hurry out to spend your savings when the gong of buying opportunity sounds? Isn't it more logical to expect that many will want to live out of income and keep the backlog?

We have had a lot of surveys showing that the public plans to buy millions of automobiles and other millions of washers and ironers and other modern conveniences when the war is over. They have been worthwhile surveys. But what about the remainder of the American public?

The National Planning Association found that 55% of the people questioned have no plans for important post-war purchases. Only 11% said they would go out and spend right away and 73% said they would save for a while. This was a survey among people who have a backlog—who could spend if they wanted to. It was made among owners of war bonds.

That need not be frightening. It is not necessarily pessimistic. It doesn't foretell that we will be hell-bent for another depression as soon as the war is over. It simply means that at the moment 55% of the people do not have an incentive to buy. It is a challenge. It is an opportunity for those who must do the necessary selling job, creating the necessary desires for things we can produce. It is a challenge for selling to be so compelling that people will be more productive.

The new products that now are in the laboratories, speeded to reality by the necessities of this war, will face some of the same inertia as the early automobile and telephone. The desire for them will have to be created. They will have to be sold to the American people, in most instances. And sold against the products which have created buying patterns. The survey made by our Research Department shows that 58% of the major industries in America are planning to come on the market, after the war, with new products. It will take a year or more, in many cases, to get them into production. That will be a period of creating appetites. These new products have the potential of creating jobs only as they create new markets. If they simply switch demand from one product to another they will fail to promote very much economic progress.

Our problem of tomorrow is jobs, yes. But the problem of jobs is the problem of marketing with advertising and selling. One good salesman can provide more jobs, with his order book, than all of those post-war planners who simply dream of a better world. Selling has built America into a mighty nation from a thin strip of civilization along the Atlantic Coast in 1790, when, perhaps, 95% of the people were ill-fed, ill-clothed and ill-housed, by present day standards.

It is because, in America, the incentive to buy has been made as strong as the incentive to sell that we have outdistanced those lands which have greater natural resources, larger populations, the time advantage of older civilization or other favorable positions.

By developing the incentive to buy still further, making it stronger and more dynamic, we can bring into reality the better world, a dramatic, satisfying post-war world. That is the opportunity ahead.

And I can tell you that in the offices of many of America's factories, stores and service establishments definite plans are being made or are on paper to take full advantage of tomorrow's opportunity. Sometimes the evidence is on the balance sheets of the annual reports which now are being issued. I saw one the other day of a packer who had set aside $2,000,000 and labeled it as "post-war reserve." You will find evidences in many other statements which represent plans to rebuild distribution, to reconstruct markets, to do a more aggressive and constructive advertising and selling job.

Post-war planning by company is not something new. Businessmen have been planning ahead all their lives. Post-war planning is just good old-fashioned business planning applied to a particular period. That period calls for more aggressive planning than ever before. We shall succeed with the vision which sees sales opportunities, chances for market expansion, better distribution methods, and needs for new products where they have been undeveloped before.

That is all there is to it. And that, gentlemen, is all there is to licking a post-war depression. It is all there is to most of the problems of the post-war world. If we do the selling job there will be employment and payrolls. If we do the selling job there easily can be a national income of $135 billion or more. If we do a selling job we will have the cooperative aid and encouragement of Congress and of Agriculture and of Labor towards the removal of any handicaps which stand between the American people and prosperity. Worries about our gigantic national debt, the high level of taxation and the threat of state capitalism can be swept away with such encouragement and with orders for American industry and customers at the counters of American stores.

We can do it, if every businessman does his duty, by himself and by his country, while there still is opportunity knocking.

We have ingenuity and courage in America. Let us dedicate ourselves to this patriotic purpose.

Coal's New Horizons

Adams & Co., 231 South La Salle Street, Chicago, Illinois have prepared a new edition of "Coal's New Horizons" which is available for distribution to dealers. This four-page brochure sets up interesting high lights on three Central Illinois outstanding coal properties—Franklin County Coal Corporation, Old Ben Coal Corporation, and Ziegler Coal & Coke Company.

Copies of this interesting brochure and also a four-page booklet discussing the current situation in Bayway Terminal Corporation common stock, which the firm believes attractive at current levels, may be had by dealers upon request from Adams & Co.

Ins. Stocks Interesting

Butler-Huff & Co. of California, 210 West Seventh Street, Los Angeles, Calif. have prepared an interesting tabulation of the aggregates and averages of the 82 fire and casualty insurance companies in their insurance and bank stock "Evaluator." Copies of this tabulation and interesting memoranda on Great American Insurance Company and Irving Trust Company may be had upon request from Butler-Huff & Company.

The Gold Premium In The East: Is It A Portent?

(Continued from first page)

Confidence in U. S. Advance. The article reports:

> In recent transactions in Egypt . . . purchases and sales of bullion bars have taken place at levels as high as $73 to $79 an ounce in U. S. equivalents, as compared with the fixed price of $35 in the United States.

Reporting that one Indian gold producer averaged $44.54 an ounce in 1942, and at much higher prices since then, the Reno Journal sees in these facts "another indication of the relative permanence of higher gold prices outside the United States." Such a conclusion naturally stimulates the salivary glands of American mining readers.

John W. Hausermann, wealthy owner of large Philippine gold mines, tells the Associated Press that the post-war price of gold must be higher, possibly $50 an ounce, to get it out of the ground. He adds that he holds this view not just because he's in the business.

Representative Compton I. White of gold-and-silver-producing Idaho, calling attention to the high price of gold in different foreign countries, told Congress that "it means that American currency is being discounted."

Governments and Individuals Want Gold

It is true that the war has increased the demand for bullion. Both central banks and individuals have been bidding for gold. Governmental demand has come notably from prosperous Latin American countries. The demand from individuals has come mainly in those countries like India and Mexico, where use of one or another of the metals has been adhered to in recent times or where the history of paper currencies has been particularly bad. In such countries, it should be noted, economic processes are usually rather primitive and political and other disturbances frequent. China's government, for example, recently acquired some American gold, with a view to distributing it to the Chinese people "to stabilize price and absorb idle capital."[1] China's inflation has been more severe than that of any other Allied or neutral country and the gold imports are not going to cure it, but that is neither here nor there.

Under wartime conditions of transportation shortage, exchange and capital-movements control, and the like, it is but natural to find that the demand for gold varies from country to country, and that local prices for the metal reflect conditions of scarcity, relative isolation, local currency inflation and the like.

On a single day, for example, you may find gold selling in Egypt at $71 an ounce — more than double the U. S. price, in Iran at $68 and in India at $58.

Incidentally, you will also find that, where there is a local-currency premium on gold bars abroad—as compared with the United States Treasury price — there is a still greater premium on gold coins or small bars. In part this preference for gold coins is to be explained by the fact that with coins gold can be bought in smaller quantities at a time. It is also easier to conceal, transport and sell gold coins than the same amount of metal in bar form.

This premium on coins is an indication that gold is being demanded because of political or other uncertainties within the country concerned. It is often misunderstood in this country. The disclosure that General Mark Clark took some gold coins to North Africa during his secret pre-invasion visit has been the occasion for the utterance of much poppycock about the North African experience proving that the people of the world won't take any money but hard money. The facts about North Africa are that our forces used their yellow-seal "spearhead" notes exclusively — paper money — until an adequate supply of local franc currency could be obtained. Anyone trying to use a gold bar in North Africa would have a hard time. He would be suspected by the people of trying to palm off a "gold brick." Soldiers, correspondents and others have found that for everyday use in North Africa no money is as effective as chewing gum, cigarettes or razor blades. Thus, the New York "Times" reports from Algeria, a knife costs 125 francs, "but only as an alternative price." The first price is 5 packs of "shoon gum".[2]

Since India, perhaps undeservedly, has the name of the sink of the precious metals, a somewhat inaccurate description, it is of special interest to see what has happened there. Without offerings of foreign gold, the Bombay bullion market was long on starvation rations, and from parity with the American price of $35 an ounce, the Bombay gold price rose to a large premium, varying daily.

Typical of local influences on the price of gold is a Bombay market weekly report of recent date. The report listed as causes of that week's changes in the price of gold four principal developments:

> The Japanese invasion of Assam;
>
> The Finance Minister's public observation that gold is in India the cheapest commodity as compared with the pre-war period;
>
> Liquidation of investments to avoid prospective death duties;
>
> Profit taking by traders.

High Bombay Prices

The price of gold in Bombay early in April, 1944, was reported as $60.80 an ounce, representing a premium of 73% above the U. S. Government price of $35. (An even higher price was recorded in April, 1943: $76.00 an ounce, or a premium of 117%.[3] The premium is indisputable. But it is being misunderstood.

It must be made clear that the Bombay market buys the precious metals with rupee funds, not with American dollars. To ascertain the dollar equivalent of any rupee price, a rate of exchange must be used. The rate so used, the only one available, is the controlled or official rate of $0.30122 per rupee. But this official rate does not reflect the inflation which has been taking place in India during the war, due to large expenditures there on British and American account. That development — which is by no means confined to India—has produced a surplus of funds seeking either goods or media of investment. The rupee, becoming so plentiful in India, has tended proportionately to lose its purchasing power, especially since commodity price controls in India are very imperfect. What we say about the rupee can be said about all Near Eastern, and many other currencies.

In ordinary times the loss of a currency's home purchasing power would be reflected promptly in the foreign exchange rate. But the rupee rate is, as mentioned, officially pegged at a level far above that warranted by its present home purchasing power parity. Instead of being worth 30 cents, the rupee is today worth considerably less and the moment the official exchange control should be removed the rupee would drop in foreign-exchange value.

What in the last analysis the high rupee prices of gold and silver primarily reflect is the local market's judgment as to the relative values of the rupee on the one hand and bullion on the other; and not, as is sometimes erroneously claimed, Indian opinion that the American dollar is worth less than 1/35th of an ounce of gold. Such an erroneous interpretation of the bullion markets abroad has been the basis of some of the predictions of a post-war increase in our own price of gold.

High Bombay bullion prices reflect not only the local speculators' and investors' estimates of the degree of post-war depreciation of the rupee in the foreign exchange markets, but more immediately the military, economic and political conditions affecting India; as well as the marriage season and other domestic factors not related to the war. In India gold and silver are traditional hedges against uncertainties and media of speculation and hoarding.

It cannot be overemphasized that the local prices of gold and silver in India—as well as other countries—are prices for only such metal as is actually available in the country, and are divorced from world prices by the fact that free movement of the precious metals from country to country does not exist. Were gold and silver free to flow to the highest markets, and were trade and exchange free, the local prices of these metals in India, Iran, Egypt, and other countries would at once subside; for who would pay $60 at home for gold that could be bought abroad for $35?

Inflation in the Orient

That inflation has got a head start in the countries at and east of Suez is well known. Money in circulation has soared, bank deposits have expanded greatly, prices under incomplete control have multiplied. The longer the war lasts and the longer we have large military activities and make large purchases of goods and services in these countries, the worse the situation tends to become.

The situation differs from that in the United Kingdom, since there prices are firmly controlled, scarce goods are rationed, and little hoarding of gold is possible. When we buy sterling for use in paying our forces there, we turn over dollars to the British here. The British, in turn, when they see fit may get gold for the dollars from the Treasury Department, either leaving it here under earmark, or moving it elsewhere.

Last September the Commerce Department published an illuminating article on the course of inflation in the Middle East, stating:

> The inflation which has been threatening since the outbreak of the present war to disorganize the economy of the Middle East has reached alarming proportions. Price levels in various localities have doubled or trebled since the summer of 1939. Families in the middle income groups, and especially those on fixed stipends, have been forced to reduce their standards of living drastically, and those in the lowest income groups are suffering extreme hardship. . . .
>
> There is now a large volume of the funds in all the countries of the Middle East. Part of this amount represents war profits, and part results from restrictions on foreign trade. Exchange-control regulations and import restrictions have kept practically all of these funds within the region.
>
> Together with the presence of large sums of money, there is a shortage of consumers' goods —a shortage both in relation to the amount of money in the hands of consumers and in relation to the amount of goods that were available before the war. . . .
>
> The degree to which prices have risen in countries of the Middle East is shown by various indexes. For example, the cost-of-living index for Egypt, with 100 representing June, July and August, 1939, had risen to 210 by November, 1942, to 215 by December, 1942, and to 222 by January, 1943. . . .
>
> It should be pointed out that actual prices in the Middle East may well be higher than is shown by price indexes, because of black markets and the probable downward bias of indexes. . . .
>
> The higher the prices paid, the more money there is in circulation and the higher prices rise. Thus the process continues, at a progressive rate.

Meeting the Inflation Problem

To ameliorate the inflation problem in India and the Near East, the British and other governments concerned last year decided to bring in gold—and in some places, silver. In Iran, for example, one of the steps taken was the enactment of a law providing for the importation of gold and its substitution for silver in the currency reserves, the silver to be sold to the public. In India the British and American governments decided last year to make gold available to the public. (On March 31, 1944, a London news dispatch reported a rumor that India was seeking to import silver, as well.)

Gold sales in India were quietly commenced in August, 1943. Recently some information on that program has been disclosed. Apparently, all is not as simple as it sounds.

Two main reasons have been advanced for the new policy of resorting to gold. One reason given is that the sale of gold for redundant local currencies tends to absorb those currencies and so minimize the inflationary trend of commodity prices. Secondly, gold sold in the bazaars brings a large premium to the seller. For example, we can buy more rupees with gold sold in the bazaars of India than we could buy in the official exchange market. In the latter market, one paper dollar will buy only about 3⅓ rupees, whereas, at April, 1944, prices, a dollar in gold will buy for our military in India about 5.8 rupees.

A third possible advantage to the use of gold is that it helps toward redistributing our national hoard of the metal, although from our standpoint it does this in only very modest measure. Still another advantage is that gold sales have long been demanded in native circles and the sales therefore tend to avoid or ameliorate local dissatisfaction.

In his budget speech early in March of this year the Finance Member of the British Indian Government, Sir Jeremy Raisman, after discussing the sale of securities to the investing public, commented on the sale of gold as follows:

> At this stage I may mention one other important anti-inflationary measure which has attracted public attention. I refer to the sales of gold which the Reserve Bank has been conducting for the last six months. These sales afford an age-old alternative to those who do not, for one reason or the other, wish to invest in Government securities, notwithstanding the advantages of the latter over investment in gold. As I said in reply to a question in this House earlier in the present session, the gold has been provided by H. M. G. and the Government of the U. S. A. from their own resources and the sale proceeds have been used by them towards their war expenditures in India. The import of this gold has thus usefully reduced the gap between India's exports and the restricted imports of other commodities which are available in present circumstances, and by its direct effect in absorbing surplus purchasing power, as well as by its less direct influence, has materially supplemented the other measures which we have been taking to counter inflation and check the rise in commodity prices.

The Farmer and His Grain

Not only by mopping up idle funds, but by persuading the Indian farmer to part with his surplus produce and by counteracting other forms of hoarding, the official sale of gold was intended to check the commodity price rise. That the effects of the policy have been "extremely beneficial" we have the recent testimony of the Indian Government's Finance Member. Yet Indian nationalists flatly deny these benefits. Thus, the Calcutta publication Indian Finance in its Dec. 4, 1943, editorial said:

> The policy of selling gold to the public has no apparent value in the solution of the big problems of the present. . . . It is possible to expect that nearly 30,000,000 rupees a month will be reclaimed from the public. Though this amount may not be inconsiderable, it is idle to think that the inflationary pressure will have been reduced so far as prices are concerned. . . . the money that will flow into the purchase of this gold is money that, in the absence of such gold sales, would have remained idle either in hoards or in the banks and would not in any case come into the market for ordinary consumer's goods. The inflationary pressure, so far as prices of consumer's goods are concerned, comes from the increased incomes of classes which cannot be expected to buy gold at the first opportunity provided by official policy. Silver may perhaps fit their needs better. . . . If the aim is to relieve the inflationary pressure on prices, nothing can be more inappropriate than gold, except perhaps Rolls Royces. The idea that by selling gold the agriculturalist is offered something more appealing than inflated paper currency and that thereby he may be induced to part with his surplus is a chimerical one that can be entertained only by those who have no idea of income groups in this country.

More in the same vein is contained in an editorial in the Dec. 31 issue of Indian Finance, which states that gold buyers are a small class. The editorial, observing that gold sales have helped lower the premium on gold in the bazaars, sees "an element of injustice" in the making available of gold to this small group.

But of direct interest to us for what it may portend is the paper's observation that "there is little to be said for encouraging so late in the day the historic habit of hoarding in precious metals." The editors of Indian Finance rather "look forward to an era of economic enlightenment among the masses in the country with which the old craving for gold is in ill accord."

With the last-mentioned view the so-called Bombay plan — it may be remarked in passing—is in accord, for it would tap the gold and jewels of the princes and use that treasure to acquire industral equipment.

A Political Issue In India

Thus we see that, although the gold-selling policy was adopted by the British partly to placate Indian nationalist insistence, as might be expected it does not satisfy that "opposition" group. The nationalists criticize the policy on more than one score. They are especially critical of the fact that the sale of gold on the Indian market is bringing a profit to foreign governments, whereas the Indian Government ought to be making that profit. As some of them put it, Indians are now paying for gold about twice as much as the price they realized when they sold that metal to the United Kingdom a few years ago. This makes nice political tender.

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[1] 1—Finance Minister H. H. Kung, quoted in NYHT, 3-18-44.

[2] 2—NYT, 3-14-44.

[3] 3—Bombay also has bid up the price of silver during the war to a reported equivalent of $1.11 an ounce in late March.

One can get the flavor of the situation by dipping into the published debates of the Legislative Assembly. Answering Mr. Krishnamachari, a member of the Assembly, Sir Jeremy Raisman a few weeks ago observed:

> His Majesty's Government and the American Government have to purchase certain supplies and services in this country. Now, we all know that the price of those goods and services in terms of rupees has risen; it has risen very considerably. That, of course, is one of our troubles. The object of their selling the gold is to obtain rupees with which to meet a part at least of the cost in rupees of those goods and services. The price at which gold is sold is actually at a lower index in relation to pre-war price than most of the other things which are for sale in India, so that on the transaction as a whole no country would be particularly anxious to come to India and buy goods and sell gold in order to finance these purchases. . . .
>
> There is no profit on the whole of these transactions taken together . . . actually gold at the present moment is one of the cheaper commodities in India. The farmer who turns wheat into gold gets more gold at the present moment than he would have got to my knowledge at any time in the last 20 years. . . .
>
> I do not think that the price at which gold is sold today has any significance whatsoever in terms of normality or in terms of more permanent parities.
>
> I regard gold merely as a commodity, but in so far as the importation and sale of gold in India goes, it has undoubtedly had certain beneficial effects, and I welcome it. You have to take the psychology of the people as you find it. There are certain kinds of people—they may be black marketeers, hoarders, or profiteers—who either will keep currency notes with them or will hoard gold. They may not be tempted by any form of investment, they may not even be prepared to have a banking account. Nevertheless, the possession of currency in the hands of these people is a dangerous element. It is free purchasing power which may be and is at anytime brought to bear on the economy and which has ill effects. If these people prefer to acquire gold instead of getting their money in a bank or invest it in securities then I have to take their psychology into account just as one would take geology or the geography of the country into account.

Sir Jeremy's reference to the cost of supplies in India quickly brought forth from the President of the Federation of Indian Chambers of Commerce and Industry the sharp disclaimer that every article supplied to the British Government has been at prices controlled by the Government of India. The Eastern Economist, an Indian publication, adds its criticism of the high official gold selling price as a "heads I win, tails you lose" proposition. That magazine repeats the statement that the prices of Indian goods sold to the Allies are controlled and it pointedly observes that, if gold sales are necessitated by inflation, the inflation is "a British-induced affair." It adds that, in the case of silver a few years ago—when the American silver-purchase program was at its height—all India's silver was obtained by the British Government at the statutory price and then sold by it to the United States Government at a much higher price. In short, it is argued by the Indian nationalists, if foreign gold is not sold in India at its world price, then it is unfair for the United States to buy Indian mica at the controlled Indian price, instead of the much higher United States price or a free market price. Here Uncle Sam takes the rap.

To this nationalist picture of the prices of commodities there is, naturally a British rejoinder. What the Indian nationalists fail to point out is that, in general, "effective" overall price controls came into force in India only in 1943, four years after the war with Germany began and some 1½ years after Japan entered the war.

Old-Fashioned Hoarding

It is unofficially reported that the average daily "offtake" of gold from the Bombay market in the five months following Aug. 17, 1943 — when the official selling program became "a decisive factor in the market"—was 40,000 tolas.[4] (1 tola=⅜ oz. Troy). During those five months, some 3,500,000 tolas of gold were sold for the equivalent of about £20,000,000. That such large sales have had relatively little effect on the price of gold in Bombay the London Economist[5] attributes not to any hope that the sterling or dollar price of gold will catch up with the Indian price and not to any thought of subsequent resale, but to plain Indian hoarding instinct. "Consumer goods are in short supply, prices are high, and bullion seems the obvious medium of investment. The long-term prospects for the rupee price of gold do not consciously enter into his [the Indian gold buyer's] calculations. None of the gold is, in fact, being bought for speculative purposes, since the facilities for such operations have now disappeared." Forecasting a post-war depreciation of the rupee to below the present statutory ration of 1s. 6d., the London Economist goes on to caution that it would be unwise to count upon such a development to remedy the whole of the existing disparity between gold prices in India and elsewhere.

Are Gold Sales Effective?

Without attempting an analytical appraisal of the effectiveness of the gold selling program, we may note that, first of all, to date it has resulted in savings for the American and British Governments in their expenditures. Certainly, it has also tended to hold down the price of gold in the bazaars. There is also some evidence that the program has exerted a noticeable influence on the commodity price level, along with sales of securities and attempts to control commodity prices. In India, the general wholesale price index which rose from 145 in mid-1942 to 241 in July, 1943, ceased rising after October, and since that date has declined from 241.5 to about 235, at the latest report. The index naturally takes no account of black market prices.

It seems fair to state that gold sales are having a soothing, but not a curing effect on inflation in the East. The inflation process so far advanced in Asia and elsewhere can be really controlled and reversed only by a program of taxation and public borrowing far too drastic for the political realities. Therefore, it must be concluded that some of the depreciation in the various currencies will prove to be permanent. The price of gold in terms of such currencies will tend to remain above the pre-war level. Foreign-exchange rates on those currencies will have to be adjusted from the present artificially high quotations.

South Africa Takes Notice

In April the Government of South Africa, the leading gold-producing country, revealed its strong desire to participate in the advantages of the soaring gold markets of India and the Near East. According to press reports, Prime Minister Smuts suggested that it is unfair to South Africa to continue to sell gold to central banks at the official price and then see those banks realize a handsome profit on resale to Near Eastern countries.[6] He further informed the Parliament that the British Government has no objections to sharing with South Africa the premiums being brought by gold. Minister of Mines Stallard also revealed in Parliament South Africa's intention to obtain as high a price as possible for its gold after the war.

Should We Imitate Bombay?

What about the future price of gold in the United States? There will be the temptation to devalue the dollar and by a stroke of the pen wipe out a part of the big public debt. A repetition of the 1934 devaluation is not threatening at the moment, but it needs to be guarded against. Other arguments, too, are advanced from time to time to justify an increase in the price of gold. These are related to our post-war balance of payments and the reserve ratio. Gold mining companies would stand to gain from an increase in the price of gold. So, too, as in the 1930s, would speculators.

While an increase in the price of gold would bring profits to some, it would entail serious disadvantages to the country. Certainly the fact that Indians or Egyptians would today buy a small fraction of our gold at a high premium in wartime does not warrant increasing the government's price and revaluing upwards the book value of the $22 billions we hold.

The Treasury Department emphatically states that the Administration does not favor an increase in the price of gold. Reports to the contrary were recently characterized by a high Treasury official as "made out of whole cloth."

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[4] —The Dec. 4, 1943, issue of "Indian Finance," Calcutta, however, gives 30,000 tolas per day as the approximate average daily gold sales of the Reserve Bank of India.

[5] —Jan. 29, 1944.

[6] —Cf. Shively's article in "N. Y. Sun," 4-4-44.

Growth Of Savings And Loan Associations In Indiana Continues

(Continued from page 1720)

the preceding year because of heavy government bond investments and reduced interest rates on mortgage loans, the associations' net income made a satisfactory showing. The associations were able to increase their reserve and undivided profits accounts by $1,800,000, bringing the total reserves for the protection of the savers and investors to almost $20,000,000. This is the highest reserve position ever enjoyed by the Indiana savings and loan associations.

The Boards of Directors of the Indiana associations in many localities are beginning to make very careful plans for the associations' participation in the post-war programs of their respective communities. The associations, strengthened as they are by their high reserve position and large amounts of liquidity, are prepared to provide home mortgage service vigorously with emphasis on the financing of the construction of new homes. It is estimated that 8,000 to 10,000 new homes a year will be built in Indiana in the first five years after the war. This would require additional home-financing funds of approximately $30,000,000 a year. Savings and loan associations will be well prepared to do their part in this home financing. In the past, savings and loan associations have financed the majority of the smaller urban homes built in the state. With their strengthened position and larger resources, it is expected that they will account for an even larger portion of the total new homes built in the state after the war.

It is expected that new savers and investors will be attracted to Indiana savings and loan associations by the thousands in the post-war years because of the safety of the associations' position which is backed up by large reserves and well diversified portfolios of United States Government securities. Coupled with this, the associations have been able to maintain reasonable dividend payments. Dividends range from 2% to 3% and in some few localities a slightly higher rate, representing a return on savings and investments higher than is offered on most investments which enjoy similar safety and availabilty.

136 associations in the state offer their savers and investors insurance of accounts as they are members of the Federal Savings and Loan Insurance Corporation and 163 Indiana associations are members of the Federal Home Loan Bank System. Membership in the Federal Home Loan Bank gives the associations an additional source of funds, both for home mortgage lending and for additional liquidity for savers and investors.

While new construction of homes has been curtailed because of wartime restrictions, new homes have been built in several Indiana war production centers. Many of these were financed by Indiana savings and loan associations.

Since 1940, construction costs of homes in Indiana have increased from 20% to 30% in various communities. It is expected that construction costs possibly will be somewhat higher in the first year or two after Victory has been won and then they may decline somewhat, although a large decline in construction costs is not looked for in the near future.

The cost of constructing new homes is of course one of the major factors in determining the sales value on existing houses. Many observers believe that the purchase of existing homes even at present sales values represents a good long term investment for most families in that the increased demand for homes and increased cost of construction are likely to maintain present real estate values on well-located, small homes for a long time to come.

Savings and loan associations are urging home purchasers to make as large down payments as possible on the homes they buy and to pay off their homes as rapidly as their income will permit. One of the two principal functions of the associations is the encouragement of home ownership and the philosophy of savings and loan managers is to urge individuals to acquire debt-free homes in the shortest possible time. Of course, such a philosophy makes sound institutions as well. By building sound institutions new savers and investors are attracted to the associations, thus providing ample flow of private home financing funds into Indiana's principal institutional source of monthly payment, long-term home mortgage financing—the savings and loan associations. Every evidence indicates an even broader service to the state by Indiana associations which have served so well for the past 75 years.

Brownhoist Attractive

Industrial Brownhoist offers interesting possibilities, according to a memorandum on the situation prepared by Gillis-Russell & Co., Union Commerce Building, Cleveland, O., members of the Cleveland Stock Exchange. Copies of this memorandum may be had upon request from Gillis-Russell & Co.

Mutual Funds

(Continued from page 1719)

Keystone Corp. devotes the current issue of **Keynotes** to an illustration of "How Money Grows at Compound Interest." A $10,000 investment with interest at 1%, compounded annually over a period of 20 years, grows to $12,201. At 4% the same original amount grows to $21,191; at 8% to $46,609. Other rates of interest are also given in the chart which graphically portrays the amazing productivity of money "at interest" when the income is compounded regularly.

* * *

Lord, Abbett has condensed and reprinted in the current issue of **Abstracts**, an interesting discussion from the "United States News" on the subject of "A $219,000,000,000 Post-War Inflation Threat." The conclusion of this discussion is: "As things now stand, the danger period comes after the war, not while the war still is in progress."

* * *

"Building: Post-War Outlook" is the subject of **Calvin Bullock's** current **Perspective.** Among the highlights of this study is a chart showing the price ratio of building stocks to the Dow-Jones Industrial Average. As compared with 100 for 1929, the base year, building stocks today stand at 160, which might be interpreted to indicate that they have already substantially discounted their favorable post-war outlook.

From Investment Company Reports

Fundamental Investors, Inc.—Assets increased approximately $1,500,000 during the 12 months ended March 31, 1944, to stand at $10,310,368 on that date.

General Investors Trust — On March 31, 1944, net assets amounted to $2,062,587, or $5.11 per share.

Chemical Fund, Inc.—Net assets on March 31, 1944, were $10,509,844, compared with $10,810,478 at the end of the preceding quarter.

Massachusetts Investors Trust—Net assets stood at $144,341,828 on March 31, 1944. During the quarter the number of shares outstanding advanced from 6,850,013 to 6,889,902.

Investment Literature

Keystone Corp.—A revised issue of the booklet "The Keystone Plan." Also a brochure containing the primary lists of Keystone Custodian Funds as of April 1, 1944. . . . **Distributors Group**—A current issue of **Railroad Equipment News** entitled "Looking Forward with the Industry." . . . **Selected Investments Co.**—A current issue of the weekly digest "These Things Seemed Important." Also a current **Selections** discussing post-war earning power. . . . **Massachusetts Distributors** — A current issue of **Brevits**, discussing the diversification obtained through **MIT**, and the broad market in the shares of that fund. . . . **Broad Street Sales Corp.** — The mid-April issue of the **Broad Street Letter**, containing a study on post-war purchasing power. . . . **Calvin Bullock**—A revised issue of the recently published booklet, "Half a Century," giving the history of that sponsor. . . . **Hare's, Ltd.**—A revision of the folder "Pertinent Facts to Remember," briefly describing the offerings of Institutional Securities, Ltd.

Free Enterprise

(Continued from page 1707)

of fortuitous conditions, but hardly for a long period. Mr. Wallace gives credit to our economic system for having furnished employment to all for over 100 years, or at least this was done with so little unemployment that no statistical data on the subject was asked for or compiled. It would seem that such a record should satisfy any reasonable person that, as constituted during these 100 years, our free enterprise system had incorporated within it a solution of the employment problem.

If, at a later date, business became disrupted to where a large percentage of workers were without jobs, in the above system, what ought to be done about it? Is Mr. Wallace justified in threatening and cajoling free enterprise as though many independent units can be ordered about like an army? Would it not be more sensible to reason that a system which had provided full employment for 100 years would continue to do so for 1,000 years, except, or unless, there has been vital disarrangement, or interference, at some point; and that in consideration of that fact a restudy of the problem should be made to find out what may have been done, left undone, or done badly, that is the source of its failure to solve fiscal and employment problems. To make such a study, we shall need to have before us a sketch of the manner in which free enterprise originated and functioned while growing to present dimensions. Here is what we find:

Origin of Trade

Primitive man supplied his needs by the hunt and with foods volunteered by nature, which were, of course, limited to articles available in the area of his habitat: as he became dissatisfied with nature's contribution to his needs, he sought ways to increase the supply of her products. In these efforts some succeeded with one product and some with another, while yet others could only contribute their labor to assist the successful. The production of a surplus of some things by some producers and of different things by others, resulted in a demand for the exchange, or interchange, and ultimately for the transportation of products.

In the beginning, each article was priced in the article for which it was exchanged, and thus, in a sense, every commodity constituted money. Interchange of articles of grossly unequal value—perishable for durable goods, for example — involved difficulties. Therefore, in the natural progress of affairs, things to be exchanged came to be priced in certain valuable, divisible, and generally desirable articles or commodities. These, in due course, came to be known as current merchandise, or money (the root words for which were identical in one language at least). Money is thus seen to have been merchandise first; becoming money only as its characteristics commended it for the medium of exchange job.

Such trade as indicated, ultimately evolved commodity money that combined durability, portability, dependability, and a measure of divisibility, thus permitting the laborer's compensation, and balances received in an exchange for merchandise of unequal value, to be held by the recipient until such a time as it might be needed for further exchange.

Metallic Money

With the development of the art of coining metals, a monetary unit of value was provided superior to any of the commodities theretofore in use as money. Money, consisting of a coin of predetermined weight and quality, thereafter replaced all other kinds of property as a medium of exchange. Numerous metals served as money at one time and another, but during the last two centuries gold has established itself, as the one metal best adapted, in the present state of industrial development, for a yardstick of value for domestic trade. Gold has also long been accepted, by weight, as the standard of value, and medium of exchange, for international transactions, as it ought to be for value measurements everywhere. Other value yardsticks have only one objective—to flim flam somebody.

Money's Prime Job

As has been pointed out, money's principal job is to correctly measure values. Capacity to do this gives it power to build a price schedule that tells the truth about the supply and demand situation (the basis for monetary value) with each and every article and service bought with or sold for money. Money functions in other connections, too, but we can pass those up here. Free enterprise can remain free only when guided by supply and demand prices. These, in turn, are only possible with real money, or an equivalent. Our bureaucrats, for the most part, represent an effort to accomplish by bull strength what was formerly effected automatically through supply and demand prices generated by real money or currency equivalent to real money. However, experience shows that while a bureaucrat is trying to straighten out one price at one point, 99 are going wild elsewhere.

According to Vice President Wallace, our economic setup worked so well for over 100 years that we developed a tradition of being able to take care of all comers. All they needed to do was to play the game on the level, and work hard, and success was sure. Note that all of this was done with money anchored to gold. Now comes Mr. Wallace and tells free enterprise that, unless it can do forthwith, following the war, what it did for the 100 years mentioned, the New Deal proposes to ditch it, presumably for bureaucratic management, oriented in a "compensatory economy" in which, as during recent years, government assumes full responsibility for whatever happens. Before continuing this analysis, let us note what is possible in the way of monetary measurements.

Monetary Measurements

Gresham's law to the effect that two, or more, metallic standards of monetary value cannot circulate side by side in the same markets because the least valuable will drive those of higher value out of circulation or out of the country, is universally accepted. In fact, there is no monetary phenomena more generally recognized, nor any more easily explained. With coin of various metals equal before the law, but unequal in the marts of trade (if they happen to be equal at a given time, they will not stay that way), the debtor will evidently sell his more valuable coin in the market where it commands a premium and pay his debts with the least valuable coin available for the purpose.

Evidently one coinage could not thus drive another out of circulation, on account of its being of greater worth, except it measured its value, or they measured each other, and determined which was the more valuable. Experience has demonstrated that as little as half of 1% excess value is ordinarily sufficient to drive the more valuable coinage out of circulation or out of the country. Value measurements with real money are thus seen to be in line for dependability with commercial measurements of weight, volume, etc.

The implications here, are far reaching. If we can compare and find out, in the ordinary course of trade, the value of one metal relative to another, we can ascertain with similar dependability the value of anything on sale relative to a standard, and, in due sequence, to anything else of value. In other words, we can build a price schedule that tells the truth relative to the supply and demand situation with whatever has monetary value, inclusive of the purchasing power and rental value of the money itself. What is true of merchandise is no less so relative to services. If our conclusions are justified, all we have to do is to keep our markets free and our money supply as natural as our supply of precious metals, and we can generate a price schedule that tells the truth relative to the supply and demand situation, with all items changing hands, in our free markets. This is no less true of rentals for property and for money (interest rates) than concerning other values. All are ascertained and readjusted from transaction to transaction, so as to reflect current values, at all times.

Does someone ask: "How do you do it?" We don't have to do it. It does itself, as pointed out in the case of the assumed coinages of different metals. Both were legal tender so they were equally good for paying debts, but since one contains more intrinsic worth than the other, the more valuable sells at above par, in terms of the less valuable. Metal coin, worth more as merchandise than as money, disappears from the money market and reappears in the merchandise market, at its proper value in terms of the monetary unit that really functions.

Dr. Benjamin Anderson, formerly of the Chase National Bank, has given us the most lucid description of price building in free markets that has come to the writer's attention. Here is his description of free market operation:

"Economic life as we have known it, certainly is, in large measure, an unconscious thing in the sense that no mind or group of minds can see the whole picture. Intelligence runs through it, but it is the intelligence of individuals or organizations seeking their own particular wages or their own particular profits, seeing their own sources of supply, seeing their own markets but not seeing, with any great clearness, the movement of the system as a whole. If a central brain is to be called upon to do the thinking for all, chaos is inevitable. Economic equilibrium can only be attained when markets are free and the price mechanism is untrammelled."

With commodity money, the process of trading outlined by Dr. Anderson generates supply and demand prices in terms of the monetary unit. These accomplish the result that Adam Smith describes thus:

"An invisible hand guides industry in such a way that it turns out those particular products which consumers desire more than any others. This invisible hand reaches indeed, far beyond our national boundaries and sets to work rubber growers in Malaysia, ivory hunters in Africa, and tea gatherers in China, who perhaps have never heard of our nation. Under free competition this process of adjusting production to fit the demands of the consumers is purely automatic, calls for no complicated system of administration, and works so smoothly and with so little friction that we are scarcely aware of the fact that the tremendous machine is in operation."

During recent years, Adam Smith's "invisible hand" that controls production to fit the demands of consumers has disappeared from our operations. Here is what happened to it. While our currency was anchored to gold, and additions to the currency supply were made only as 100% gold had been impounded for their redemption, or coined for circulation, we had gold measurements which automatically controlled production to fit the demands of consumers, and we had a balanced economy. This practice was abandoned and a practically limitless supply of currency was made available to the Federal Reserve Board by the "Act" of 1913, which empowered that body to expand the currency as trade demanded and to contract it when no longer needed, practically without reference to the supply of gold. A limitless supply of "promise" currency thus replaced a strictly limited supply of real money, or currency sufficiently restricted to be practically constant in volume and, in consequence, equivalent to real money. This limitless supply of currency disrupted automatic control of production, through the generation of supply and demand prices. The overall result, as someone has said, is that since 1913 we have been running by guess and by God.

We have now pointed to the place where our economy failed and have shown that our error was sufficient to account for our inability to provide the security that characterized our free-enterprise system for over a hundred years. In concluding, we will ask and undertake to answer two questions relative to current and future prospects.

How bad will conditions ultimately become if we continue the New Deal type of deficit-financing, that has characterized our economy for so many years?

We will let the writer of the National City Bank's January issue of its Bulletin answer this question: except for a brief comment at the close.

"In this book (Stuart Chase's 'Where's the Money to Come From?') written in the engaging style for which the author is renowned, Mr. Chase gives full support to the 'owing it to ourselves' argument about internal debt, and plumps unreservedly for the theory of the compensatory economy—that is, where the government takes responsibility for maintaining full employment by spending freely and running into debt in periods of depression, and siphoning off purchasing power and retiring debt by taxes in periods of boom."

". . . A second, and even more basic, objection to the compensatory budget idea is that it vastly over-simplifies the problem of maintaining economic stability. It would be a fine thing indeed if all that was needed to keep the economic machine hitting on all cylinders at just the right pace would be turning on and off the stream of funds from the public treasury. But it would be well to pause and think a moment of the full implications of this doctrine."

"What it means, first of all, is applying a single specific—government spending—to all the ills to which the economic system may fall victim. No need to bother about whether exorbitant demands of particular groups are blocking the channels of trade; no matter about international trade barriers, or wrong exchange rates, or bad tax laws, or other shortsighted actions and policies of individuals and governments which, in varying degree, may be responsible for interrupting the even flow of economic activity. For all these, the prescription is the same — more government spending."

"What it means, secondly, is attempting to shift to the government responsibilities that in a democratic society must rest primarily with the people. Putting everything up to the government means weakening the responsibility of the individual. Why should individual groups concern themselves with making adjustments, or place restraints upon their actions? The lid is off for pressure groups, whether they be labor, business, agriculture, or any other, if the government is responsible for keeping everyone employed. Why should anyone worry when the government underwrites everything?"

"The fact is that society cannot function under a system that encourages irresponsibility and indiscipline, and which protects everyone from the consequences of making mistakes. This is not to suggest 'putting on the hair shirt' deliberately for the sake of punishment, but simply that necessity is the mother not only of invention but of adjustment. Except as there are incentives and pressures to eliminate sources of disorder, sore spots in the economy tend to get sorer and sorer, until finally the treatment breaks down as after the last war when a maladjusted international situation was masked and propped up by a huge volume of international credits."

Doubtless some will want to know just what sort of developments to look for if we continue on with our system that the banker thinks must ultimately let us down, since, as he says, "Society cannot function under a system that encourages irresponsibility and indiscipline, and which protects everyone from the consequences of making mistakes." is where we are most likely to contact trouble.

During the last half of the century that Mr. Wallace mentions (that ending in 1930), we had the best currency in the world. Our dollar was worth 100¢ in gold anywhere on earth. A board was empowered to issue practically limitless currency in 1913. By 1934, the gold content of our dollar for foreign transaction was cut 41%, evidently to make it function, and the domestic dollar was divorced from gold, doubtless because we practically had to. The depreciated dollar now sells in Asia at about half price, which spells a 70% cut in the value of our dollar in 10 years. The forces that are destroying 70% of our dollar are no less potent, and will not fail to finish off what is left, if given time. Keep on down this road far enough and we will contact explosive inflation, which will blow our dollar into bits too small to be worth counting, and we will have to start from a scratch with wages at zero and other monetary obligations at a similar low level.

Our second question is:

> What is required to fulfill Vice-President Wallace's promise to give "private enterprise" every opportunity to function on its own following the war?

While Mr. Wallace seems strong for free enterprise, devoting much of his address to telling what free enterprise can do, the appearance of such terms as "will not tolerate" and "will expect and demand" are indicative of driving rather than wooing. We conclude therefore that the Vice-President's admiration for free enterprise does not reach to the point of trying to preserve enterprise's freedom when it obstructs the road down which the New Deal proposes to go.

Money management was authorized in 1913. Before that the nation had to adjust its operations into a prearranged monetary setup that could be added to only as 100% of gold, coined or impounded, had been produced. This arrangement effected gold measurements. Under it about 10% of the nation's money was in the Treasury out of circulation. Within four years after the Act of 1913 the new Board was holding 30% of the nation's currency in the Treasury, and we had redundant currency. This threefold supply of available money, of course, ditched supply and demand interest rates. When the rental value of money is released from supply and demand, the rental value of what money buys—property, etc.—likewise goes by the board, as does also the purchasing power of money. It is thus evident that since shortly after 1913 supply and demand control of operations through price has been absent from our economy.

There is little doubt but that during the earlier years of managed money, management operated on the theory of non-interference with supply and demand, but they failed as, indeed, with the redundant currency they had provided, they could not help doing. As a result of this failure, in due course the New Deal came along with its "compensatory-economy" and deficit-financing. Our question then amounts to this: How are bureaucratic controls to be bowled over and automatic controls reinstated in our enterprise, formerly rightly characterized as a free enterprise system?

We will not undertake to suggest a program in answering that question, but here is the way it will be solved. Our Government operates under a two-party system. If the ins boob up a problem, sooner or later the outs realize the fact and advocate a return to sanity and reason. In the meantime we go on from bad to worse until the sleepy outs wake up.

In planning for post-war readjustments, two facts of prime importance should not be overlooked. First, a sound financial policy is not necessarily the best for an all-out war. To win is of prime importance. How it is done is secondary. When the war has been won, time is likely to be required to correct the maladjustments that have gotten into the system. We will have time to do this while thanking God that our mistakes were not bad enough to prevent the victorious outcome.

The second fact which should ease our minds a bit is that, during the last few generations, our control over nature's resources has been multiplied many fold. A couple of generations back, raising enough farm products to properly feed, clothe and house the population was a yet-to-be-solved problem. Now a third of the population is able to do that job. Thus our problem has been switched from one of production to keeping the crackpots from taking us for a ride. With the abundance we command now, there is no reason for being discouraged even though our losses are enormous. In due season, if the ins continue on the wrong road, the two-party process will put the outs in. If this were done before the ins had had sufficient time to establish their failure, to the satisfaction of the majority, we would probably have to travel over the same ground again, so too much haste would make waste here, as it does most everywhere.

Here is a record of what the two-party system has done for us during the century ending with 1930, the year Mr. Wallace mentions as that of our first experience with mass unemployment. Starting with a population of 12 or 13 million agricultural colonists, nearly all poor, some chattel slaves, within a century this population was multiplied tenfold. Furthermore, this expansion was accomplished while providing asylum to the oppressed of all Europe; and also, while this expanding population of farmers was being made over into the most aggressive and progressive nation of industrialists the world has produced thus far.

In conclusion, we find there is no need for any nation, with an intelligent economic system, which, like the U. S. A., can produce 90 to 95% of what it consumes, to be dependent upon foreign trade to provide employment for its people. Whenever goods are produced, the total cost of producing them, including interest and profits, reaches someone's hands as purchasing power, and thus automatically enables the nation to purchase its total product. The market for all goods except the 5 to 10% necessary to pay for needed imports is right in our own country, raising the standard of living of our own people. This being the case, we have no reason for asking other nations to adjust their tariffs to suit us. We can, rather, tell them to adjust their tariffs, and all other policies, to promote their own greatest good, and we will do the same. We will take our chances, as they also should, on profiting through the success of all.

Note that the above conclusion is limited to sizeable nations with **intelligent economic systems.** This may let our nation out for the time being, for intelligence is certainly absent from our economic setup. However, private enterprise freed from its monetary controls and from its bureaucratic monopoly, and labor shackles, and given time to make such readjustments as are called for, will put 100% of our employables back where it had them during our hundred prosperous years. Yes, and it will do a better job than ever before, because it has more to do with.

Ohio Brevities

(Continued from page 1714)

mittee arranged to have three students make a tour through a bank, having the entire organiation explained to them.

Then a panel of three Cleveland bankers and the three students was formed. The group appeared before 500 commercial law and economic students and after a brief outline of various operations by the three bankers, pupils asked questions.

William L. Underwood, chairman of the committee, stated the spontaneous responses far exceeded expectations and that questions passed out in advance were not used due to the natural reactions of the students.

Members of the panel were J. B. Anderson, manager of bank and public relations department of Federal Reserve Bank of Cleveland, Dale Brown, assistant Vice President of National City Bank and Elbert H. Frank, assistant Vice President of the Cleveland Trust.

* * *

Clem Gunn, partner of Robbins, Gunn & Co. of Cleveland since the firm was founded in May, 1939, has gone into the Marine Corps. He is the father of three children.

Prior to his leaving, he retired as a director of Aetna Rubber Co. and has been succeeded by Paul A. Dunn, assistant trust officer of Central National Bank of Cleveland.

* * *

Eugene J. Krause, auditor of National City, is the new President of the Cleveland Conference of Bank Auditors and Controllers, succeeding George P. Dietzel of Union Commerce.

Otto Schwarzschild Dies

Otto P. Schwarzschild was killed when he fell from a room at Doctors Hospital, New York City, where he was under treatment for a cardiac ailment.

Mr. Schwarzschild for many years was president of R. M. Smythe & Co., Inc., New York City, appraisers of and dealers in old and extinct securities and former publisher of American Underwriting Houses and Their Issues. He was a native of Frankfurt-am-Main, where his family was one of the famous banking families that had established themselves in that city in the Middle Ages.

How To Guarantee A Depression In The Post-War Era

(Continued from page 1707)

a society of free enterprise, with foresight and inventive skill, we have all classes of investors and speculators to assume these risks. The progress of the United States could never have been accomplished by a people restricted and regulated in their endeavors to do things. After this war we will have the conditions for great progress if properly handled. We will have the demand for peacetime goods in quantities never before accumulated. We will have the need for new financing of old well established and reliable businesses, and the intriguing demands for capital in new ventures of all grades and varieties of risks. Moreover, we will have the savings, if present values of savings accumulated are maintained. To turn these savings into the right channels to suit the demands of the savers and to fit the needs of the country could truly be a "venture in prosperity."

The Machinery for Guiding Investment and Speculation

Mere savings, great demands for goods, and intriguing new speculative opportunities are not enough to put savings, men and materials to work and create the prosperity wanted. The financing is as essential as the men or the materials to production. The right kind of machinery to handle each is essential for the best results. The machinery to finance enterprise has been drastically revised in the past decade and it is a fair question to ask whether the present machinery with its limitations and legal restrictions will be capable of doing the job of the financing needed after the war. Both large and small business needs capital and requires the services of the capital markets. But, for lack of space, these comments will be confined to financing that requires more than one underwriter to handle the size of the deal and the so-called underwriting agreements with some of their related aspects.

The long established practice of underwriters agreeing to underwrite and distribute an issue of securities and maintain the price of these securities for a given period until the distribution is complete, seems to be under fire now from the Department of Justice. The question is now raised as to whether this practice is a violation of the Sherman Act. If there has been any suspicion that this practice was a violation of the Sherman Act why has this interpretation been delayed so long? It was my impression and, I am sure from the reading of the legal decisions relating to this matter, that every one in the trade, lawyers, economists, and the public in general, believed that these agreements were exempt from the Sherman Act.

It seems reasonable and common sense that dealers would have sought to build up the best possible machinery for their business. Is it possible that they did build up the best machinery for their purpose but to the disadvantage of the public, the investor and the general welfare of business? Such a statement does not seem to me intelligent. Surely the rank and file of security dealers and underwriters are striving to build sound business, to satisfy customers and to have a repeat business both from corporations seeking financing and from the public investors. Everyone will approve such regulation as will prevent from ever arising again such dishonest financial promotions as represented by Kreuger, Insull, Associated Gas and Electric, United Founders, the French Buildings and hundreds of like projects. But is it not going too far to tear down the whole scheme of underwriting agreements because of needed efforts to provide the necessary regulations to prevent crookedness? It seems to me that if underwriting agreements are to be prohibited, that the financing of large or even medium sized businesses will be greatly handicapped. Moreover, limiting business or financing to a size where one or a few underwriters can handle a deal is no criterion of soundness. Would it not be better to correct any defects of this underwriting machinery rather than abolish it? The history of this practice will surely furnish information of great value to the best interests of the capital markets and the investors.

Government financing is all done on a policy of uniform pricing throughout the country and for the whole life of the selling campaign. Financing policies and practices that serve the government best ought to be legal, at least for private industry financing.

A Solution Badly Needed

If price agreements among underwriters and dealers are found to be illegal new financing will be done on a smaller scale, or new issues will be sold on a conditional basis or some other arrangement. All this will make new financing more expensive and less dependable. It will raise costs of capital, defer new developments, cause unemployment and in every way retard the flow of capital and its functioning in industry.

This is an unreasonable and unintelligent bungle. If the Sherman Act was intended to apply to underwriting agreements in the distribution of capital issues the Congress should say so. If the Sherman Act was not so intended by the Congress they should make it clear. As I remember it, the Securities Act presumed underwriting agreements to be a part of the necessary machinery and practice of underwriting and distributing securities because in it Congress made provision for pegging, fixing and stabilizing, provided these practices were not done in contravention of the rules prescribed by the Commission. Now, if it turns out that the practice itself is illegal, this is indeed strange legislation. Then there is the Maloney Act, establishing the NASD, which seems to me to be ended by these activities. At least, it is ended in spirit. As I remember the Maloney Act, the NASD is a creature of it. If I read the columns of the "Commercial and Financial Chronicle" correctly, some time ago the NASD said in a brief that the association would never have been created under the Act if the members had known that their rules had no force and the practices under which they were operating were subject to the review of the Department of Justice and not valid at law under the supervision of the Commission. This may not be the wording but it is the way I interpreted it.

Irrespective of all this misunderstanding and confusion and the conflicting laws and authorities, this seems to me to have the capital markets by the throat. Any well informed student of the financial markets will know that business recovery and progress after this war depends as much on the smooth working of the capital markets as any other factor of production. Any period of business prosperity in the past can be pretty well measured by the new capital financing. This will be more true in the period after this war than in any other period unless it be the decade of the 20's, following World War 1. For these reasons there should be no uncertainty about what an honest banker or group of investment bankers can do legally. If the capital markets or the machinery to do financing are not permitted to function or are crippled by uncertainty and restraints, depression and unemployment will be guaranteed. For this reason it seems to me that the Finance Committee of the U. S. Senate should hold hearings on this whole matter and clear it up. While there are many factors that may cause a major depression after this war, to bottle up the capital markets seems to me a sure way to bring on a depression.

The CHRONICLE invites comments on the views expressed by Dr. Wright, in this article, or on any related phases of the subjet under discussion. Comments shodld be addressed to Editor, "Commercial and Financial Chronicle," 25 Spruce Street, New York 8, N. Y.

Stewart Heads Greater NY Fund Committee

The acceptance by Charles J. Stewart, Vice-President of the New York Trust Company, of the chairmanship of the Manhattan Committee of The Greater New York Fund's Seventh Annual Campaign, was recently announced by J. Stewart Baker, general campaign chairman.

The appeal, brought under way on April 18, with a dinner at the Hotel Astor, is for an essential share of the $22,250,000 which the 403 participating hospitals, health and welfare agencies must raise each year in voluntary contributions. It is directed to business concerns and employee groups throughout the five boroughs.

Philip A. Benson, President of the Dime Savings Bank of Brooklyn, is serving as chairman in Brooklyn. James A. Lundy, president of Lunco, Inc., is Chairman of the Queens campaign and William C. Thompson, Vice-President of the Bank of the Manhattan Co. heads the Bronx appeal. In the borough of Richmond, the Staten Island Community War Chest acts for The Greater New York Fund.

Associated with Mr. Stewart in the Manhattan Committee in the capacity of "section chairmen," are Harry M. Addinsell, Chairman of the Executive Committee of the First Boston Corporation; John S. Burke, President of B. Altman & Co.; Jack I. Straus, President of R. H. Macy & Co., Inc. and William J. Wardall, Chairman of the Board of Best Foods, Inc. Mrs. E. M. Statler, Chairman of the Board of the Statler Hotels Corporation and a general vice-chairman of the campaign, will spearhead solicitation of employee groups.

Mr. Addinsell serves as Chairman of the Finance and Insurance Section, which consists of all divisions in the exchange, banking and insurance groups.

Mr. Burke and Mr. Straus, both of whom are members of the Fund's board of directors, share the chairmanship of the Commerce, Merchandising and Apparel Trades Section. Included in this section are 47 separate trades in the women's wear, men's wear, retail, specialty and general home furnishings fields. Mr. Wardall heads the Manufacturing and Industry Section, which covers 49 divisions in the building, consumer goods, foods, mining, metal and transportation industries.

Available On Request

Schenley Distillers Corporation have prepared an attractive booklet containing the first articles in the series they have been running in the "Financial Chronicle." Copies of this booklet may be had upon request by writing to Mark Merit, in care of Schenley Distillers Corporation, 350 Fifth Avenue, New York 1, N. Y.

The Cartel Problem

(Continued from page 1709)

This explains why some German inventions manufactured and sold within the United States have not been sold in South America.

Sometimes a German company would grant only a limited right and "know how" under a United States patent, restricting the American industrialist in respect to the quantity of the product he might manufacture under the German invention, the price at which he might sell it, and the purpose for which, the manner in which, and the geographical area within which, he might manufacture and sell it.

Sometimes a German company would grant the right and "know how" only on the condition that the American industrialist would grant to the German company reciprocal right and "know how" in improvements discovered or invented by the American industrialist in the field opened up by the German invention.

Foreign trade that in no way involves patent agreements seems also to be engaging the Department of Justice's attention.

A typical foreign trade pattern is this:

An American national gets a foothold in a foreign country, and its success attracts competition in that country from other American nationals, and from nationals of that country, and from nationals of other foreign countries.

American nationals continue competing in that foreign country with one another, and with nationals of that country, and with nationals of other foreign countries, until the nationals of that country, or the government of that country, or both, become restive and critical of the extent to which American nationals are winning the market in that country.

Thereupon the nationals of that country, or their government, or both, intimate to these American nationals that unless they consent to an arrangement restricting their proportion of the market in that country, or limiting their competition in that country with one another and with nationals of that country and with nationals of other foreign countries, the Government may enact a tariff, or impose import quotas, or establish a goverment monopoly, or take other measures to oust American nationals from continuing the business they have built up in that country.

On other continents outside North America such arrangements are customary, lawful, and encouraged by governments, and by public opinion, and by generations of judicial decisions and trade custom.

Arrangements analogous to these have repeatedly been upheld by judicial decisions of the House of Lords and the Judicial Committee of the Privy Council, which are the highest courts of Great Britain and the British Commonwealth of Nations.

Not as a complaint against our Supreme Court and our anti-trust laws, but as a plain statement of fact, it is axiomatic that American nationals doing business abroad must frequently condition themselves to customs and pressures of foreign governments, foreign opinion, and foreign competitors, compelling arrangements which if made and operative within the United States might be contrary to recent decisions of our Supreme Court and other Federal courts.

If American nationals, under these circumstances, are liable to prosecution by the Department of Justice, they will be as completely barred by the United States from doing business abroad as were the nationals of China and Japan during the centuries when these were the "hermit nations."

The United States with its allies is now engaged in a devastating war.

(Continued on page 1731)

Small Business Seen Chief Victim Of NASD's 5% Mark-Up Rule

(Continued from page 1708)

and their securities are quite inactive. No firm could sell these securities on such a small margin of profit, for it requires as much work to get the securities as it does to sell them.

KANSAS CITY, MO.
(From firm favoring rule)

I do not think it will have any marked effect on the business of conservative dealers in such securities. It may have the effect of diminishing some of the "sharp-shooting" and the unconscionable profits that some dealers have made in trading in such securities in the past. I have been familiar with the discussion of the so-called 5% mark-up rule and know that it was not intended and do not think that mark-ups are limited to 5%. The 5% is mentioned merely as a general guide to show dealers about what others are doing. There are cases where more than a 5% mark-up is justified, and there are cases where even a 5% mark-up would not be justified. Most dealers who have been in the business long know about what is right, and should conform to the general practice if they know what it is. The purposes of the "so-called" 5% rule was to let them know approximately what the practice is generally.

SYRACUSE, N. Y.

Curtail very much.

SYRACUSE, N. Y.

I am pleased to return the form of ballot which you have been kind enough to mail me and would like also to take this occasion to reaffirm my previously expressed admiration of your organization for the praiseworthy effort you are putting forth in behalf of some thousands of dealers like ourselves.

On the reverse side of this ballot you solicit my further comment or opinion. I think that this can best be covered by the newspaper clipping which I am attaching. This appeared in yesterday's edition of the Syracuse "Post Standard," and while its appearance is admittedly due to this writer's personal initiative, it is, nevertheless, representative of the opinion of other local dealers.

Perhaps it may contain a suggestion which might be followed by dealers in other cities, and you may possibly see fit to undertake similar action through the columns of your publication.

Although I do not profess to be qualified to speak for the directors of the many corporations whose securities enjoy the benefit of our trading activities, I, nevertheless, feel that they also should be apprised of the seriousness of this situation in so far as it obviously will affect their own stockholders. It may not be a practical suggestion, but I am not so sure but what reprints of the many articles which you have mailed the NASD members might be of equal interest to these corporation officials and I, for one, would be only too glad to provide you with a list of companies in whose securities we have been, and continue to be, a market factor.

NEW YORK CITY

Bad for the securities, worse for the securities business.

BOSTON, MASS.

It will hurt them.

DETROIT, MICH.

A strict interpretation of the 5% mark-up will have a very deterrent effect upon obtaining capital and marketability for and of the small corporations. Naturally, the more difficult the job the more pay one should expect—this from the corporate standpoint. As yet, there has been no specific written interpretation of the 5% mark-up or its application and until such is forthcoming, on more than a verbal basis, all dealers are pretty much out on a limb.

Our basic objection is that it puts all dealers in the same class which is no more possible than it is to put Woolworths margin of profit in same class with the neighborhood store. The local broker who gives specialized service to his customers should be allowed reasonable compensation, which may be over 5% in some instances. It all depends on the specific circumstances which can hardly be defined by mathematical percentages.

DENVER, COLO.
(From firm favoring rule)

None.

SYRACUSE, N. Y.

There will be no financing and no markets. Check and see how many small dealers are already discontinuing their membership. They may provide the markets and make more than 5%.

SYRACUSE, N. Y.

The market will gradually dry up and both the small corporations and small dealers will be out of luck. If we are to be saved, we've got to act quickly and in unison.

MINNEAPOLIS, MINN.

Ultimately, it should have a most grievous effect on marketability.

A SMALL MINNESOTA TOWN

Detrimental.

ST. LOUIS, MO.

Retard dealing and lower prices. Customers will have difficulty in finding real market for securities.

LOS ANGELES, CAL.
(From firm favoring rule)

I believe it will have a good effect on the securities of smaller corporations. The public will not be called upon to pay exorbitant prices for them. The rule may help to prevent the issuance of questionable securities promoted by questionable dealers almost solely for profit.

If a legitimate dealer cannot get by on a 5% profit limit he should be in some other line of business. Furthermore, if the NASD does not set up some guide post, then the SEC will set up some drastic rule probably much more drastic than the 5% suggestion. This so-called "5% mark-up" limitation is a good thing for our business. Lack of such a limitation is one of the reasons for SECs.

ST. LOUIS, MO.

The "5% mark-up rule" will certainly not broaden the market for securities of smaller corporations.

It is definitely our opinion that the manner in which this so-called "rule" has been handled is an insult to average intelligence. If it is to be a profit limitation rule, let us set up a regular schedule of the percentage of profit that is permissible on securities in various price ranges. Otherwise, let's do away with this neither "fish nor fowl" rule that leaves everyone in the dark and subject to the personal whims of any individual who currently happens to be in the driver's seat.

There has never yet been a governmental body that has successfully legislated honesty and integrity, and I don't think the present one is any exception.

This undemocratically adopted ruling will certainly discourage dealers' interest in "slow" securities—that is, stocks and bonds of the smaller corporations: If it takes more time and effort and advertising to dig up offerings of such securities, or, similarly, if it takes more trouble to locate markets for these issues, why should the dealer bother with offering this extra service when his efforts will no more be regarded were he merely to be an order filler on an active security.

We have always expressed our disfavor with this NASD ruling to fellow members here in St. Louis and cannot understand where the Association finds any support for this onerous legislation. All dealers here seem to agree in criticizing this ruling and we cannot understand where the NASD derives its support for these regulations.

The 5% mark-up rule is totally unfair and purely class legislation of the worst form. We are to be regulated in our profits but nonetheless we, as consumers, must take our own personal purchases in a free and unrestricted market. In our activities, we render services of varying degrees and our particular abilities and knowledge born of years of experience, like those of a lawyer or a doctor, should certainly be capitalized when expended.

As a two-man shop, we cannot hope to have the volume of the large stock exchange house and our trades, being far from those of the salesmen staffed organization, should certainly be based on the amount of effort and services we render our customer friends. All of our trades and of our business is personalized and our clientele feel a close kinship to us, calling forth a responsibility that we have not failed to consider during our 15 years in the investment securities business.

KANSAS CITY, MO.

We think this is the most insidious rule ever promoted. It is not the profit limitation to which we object. It is rather the fact that such controls of individual freedom and enterprise are in direct contradiction to democratic form of government. There is no profit limitation on the merchant or, as a matter of fact, any other form of business.

We believe that the NASD and the SEC are working in close cooperation to enact the death sentence on small brokers in order to easier regiment the industry. The trend of regulating business of all kinds by bureaucratic rules must stop and in its place business should be responsible to laws enacted by the chosen representatives of the people.

ST. LOUIS, MO.

It will be impossible for small business to get markets for its securities. The worst thing about the rule is that it is un-American—against free enterprise—and is unnecessary. Why not limit all profits on all commodity transactions?

BOSTON, MASS.

Personal opinion is that it will make it quite hard to get new financing—let alone put a number of the smaller dealers out of business.

BOSTON, MASS.

Ruinous.

SAN FRANCISCO, CAL.
(From firm favoring rule)

None.

BOSTON, MASS.

I think it will make the raising of venture capital for small corporations very difficult.

BOSTON, MASS.

It will slow up the market for them, if not practically kill the market.

BOSTON, MASS.

It can only affect the market for securities of smaller corporations adversely.

BOSTON, MASS.

Five per cent is larger than we ever charge on standard securities, but the raising of new capital would require 15-25%. The field should not be limited by law.

BOSTON, MASS.

We think it will seriously affect the smaller corporations, as they will be unable to raise capital, and the public will not care to buy if no market is maintained.

CLEVELAND, OHIO
(From firm favoring rule)

None. We think that on the average the 5% mark-up is ample and we feel that many dealers, of whom Chas. E. Hughes was one, take much too large profits and harm the business generally by so doing.

LOS ANGELES, CALIF.

There won't be any.

PITTSBURGH, PA.

It will hurt the market for securities of smaller corporations. Such markets are usually thin and the dealer can't afford the time and expense involved with only a 5% spread.

PHILADELPHIA, PA.

It is our opinion that this ruling will not only affect the small security dealers, but will ultimately reach the underwriters and larger houses. The small dealer is the fellow who distributes the new issues for the underwriters and we believe if the so-called rule is allowed to stand and becomes an actual rule, the first thing the big fellows know there will be a limitation of 5% on underwritings of all kinds, including investment trusts.

SAN FRANCISCO, CALIF.

Probably no effect. However, we are against it as it sets a precedent. Why not restrict retail stores, etc. Then, when that happens, we are on the way toward socialism and complete destruction of private enterprise.

FROM CITY NOT INDICATED

Very bad.

ST. LOUIS, MO.

(From firm favoring rule)

None.

BOSTON, MASS.

We fully agree with you on the stand you have taken with regard to the 5% mark-up rule. Personally, we do not see how dealers in unlisted securities can pay commissions, maintain overhead and exist on the NASD interpretation of the 5% rule. It certainly would react to the disadvantage of the lower priced stocks which really need the support of the dealers.

NEW YORK CITY

I do not think this question has anything to do with the matter. The 5% rule (?) is aimed at "riskless" transactions. The securities of smaller corporations are dealt in by one or two dealers (per issue). As they trade "from position," the rule does not apply. If it is necessary to pay a salesman over 5% to sell something, the price is likely too high. Most small dealers-brokers are really salesmen.

I would favor an amendment to the NASD rules setting a maximum profit. I think the present so-called rule is a horrible example of modern bureaucratic dictatorship. However, if there is to be a rule, let it be adopted in an honest over (not under) the counter manner. Let the NASD submit it to a vote.

Speaking of voting, why not run a secret ballot where oppressive means are omitted. Very easy to do. Just get a bank to conduct an honest vote and certify the result. Cost would be nominal. ($100 or 5 cents per member.)

MEMPHIS, TENN.

Bad.

DALLAS, TEXAS

Narrow, but not eliminate it.

GREENVILLE, S. C.

I think it will practically destroy their markets.

KANSAS CITY, MO.

(From firm favoring rule)

We don't believe that the 5% mark-up rule, if it stands, would have any adverse effect on securities of smaller corporations of the country. We don't know why it would. We think that there should be a minimum commission; for instance, if a brokerage house handled a $25 transaction for somebody, we don't believe that it should be handled for $1.25. We believe there should be a minimum of, say $5, graduated up on a large amount of funds involved.

We do think, however, that if some brokers-dealers are going to stick to the 5% limit and others aren't, some definite program should be brought forth, and when it is, a list showing maximum and minimum permissibles printed and sent out, so that our salesmen could be instructed, accordingly, and know just what they must live up to.

RHODE ISLAND

Brokers and dealers will not be willing to devote the necessary time and sales effort that is necessary to distribute inactive securities if the financial return does not warrant it.

PROVIDENCE, R. I.

It would restrict the dealer interest in selling these securities and thus tend to make a poorer market.

PROVIDENCE, R. I.

It would **not** help.

PROVIDENCE, R. I.

Poorer markets.

A SMALL PENNSYLVANIA TOWN

It is our opinion it will be very difficult to dispose of a great many securities of the smaller corporations as advantageously if the 5% mark-up rule becomes the general practice as previously. There will be much less buying for own account because the profit limitation will not justify the risk involved. Last week we bought 212 shares of a local bank stock; under no conditions would we have bought if limited to 5% profit.

BIRMINGHAM, ALA.

(From firm favoring rule)

Securities of smaller corporations would be the ones that will really suffer marketwise.

HARRISBURG, PA.

It is our belief that the 5% rule will make a very thin market for the securities of said corporations.

GREENVILLE, S. C.

Bad.

NEW YORK CITY

Will probably wipe them out.

ERIE, PA.

It will either force them out of business or cause them to use any means they can to circumvent the rule. In other words, more black markets.

ERIE, PA.

Many times it is necessary for me to take a position in a local security. I might have an order to sell 50 shares of stock in a local security and can find a market for only part of the block. In order to fill what order or orders I secured through personal solicitation, will have to buy the 50 shares. This condition exists right now and cannot afford to take the risk with only a 5% mark-up. Have been trying to sell another block of stock in a local security and have called on 60 to 70 people without effecting a sale. A 5% mark-up is not enough commission on a tough one like that. There will be no market for several local securities with only a 5% mark-up, as I cannot afford any office help. There will be plenty of office help and salesmen available when the war is over but do not think they will work for me unless I can make an offer attractive enough to secure their services. Have been working alone for some time and do not think I can do otherwise unless this 5% rule is broadened for the benefit of small dealers like myself. It takes salesmanship and plenty of personal calls to make a sale on most of local securities. There would be no interest outside of this city for this class of security as most of them are not known away from here.

MINNEAPOLIS, MINN.

(From firm favoring rule)

None. I think that an intelligent application of this policy—not rule—will permit exceptions where clearly necessary.

PITTSBURGH, PA.

It will tend to dry up the market for securities of smaller corporations.

PHILADELPHIA, PA.

There will be little or no interest on part of dealer and markets will dry up and eventually cease to exist.

PHILADELPHIA, PA.

Diminish market activity resulting in lower prices and interfere with financing.

PHILADELPHIA, PA.

Bad, and not only that, it will put the small personal service companies like ourselves out of business.

PITTSBURGH, PA.

Disastrous. Underwriters, with big profits, control the NASD. I think all of us, who don't participate in underwritings, should resign.

DALLAS, TEXAS

(From firm favoring rule)

Should improve the market for them. Too often the securities of small companies which are not actively enough traded to justify continuous quotations in papers have been the mediums through which some dealers have exacted excessive profits. It is not always the securities of small companies. More often than not it is the security of a company of good size and actively traded and quoted at some distant point but never publicly quoted in territory where being sold at excessive mark-ups. We think the entire effect of the NASD 5% philosophy should be wholesome.

A SMALL GEORGIA TOWN

Loss of interest by dealers would make for a limited or, possibly, no market for them.

A SMALL ILLINOIS TOWN

It seems to me that this above rule is the forerunner of other ruinous regimentation in the security business—especially for the smaller dealers and corporate financing for smaller corporations. (If the 5% rule is allowed to remain). There will be no markets for the smaller corporation's securities.

I cannot understand why we cannot get some action out of our Congress to stamp out this idiotic, silly and ridiculous back-pat clique who are continually trying to confuse and ridicule the public. We do not need the NASD or the SEC. Let each State take care of their own security business.

In our case we do not operate outside the State of Illinois. What good is the NASD to us or the SEC? We have very strict laws here in Illinois today—the bucketshops have all been put out of business—so what do we need any national group or governmental group to tell us how to run our business?

A SMALL GEORGIA TOWN

Adverse.

ATLANTA, GA.

We think it would "kill" the market on such securities.

ATLANTA, GA.

Destructive.

NEW ORLEANS, LA.

(From firm favoring rule)

None.

ATLANTA, GA.

Would further retard markets in these securities.

A SMALL FLORIDA TOWN

It will be much harder, I believe, at times, to find markets for inactive stocks of small little known companies.

WILMINGTON, DEL.

It would have a deleterious effect on these markets by restricting trading.

TOPEKA, KAN.

(From firm favoring rule)

We are a very small organization. Have very seldom been able to make 5% on transactions as competition takes care of that. If we charged 5% or more we would lose many of our accounts. I do make a fair living at the business and do not fear that as a rule 5% should be exceeded. We know of no one in our territory hurt by the rule as it is being applied—at least, all our competitors tell us they had one of their best years, 1943, and this was true of us. I do not like regulation and favor free enterprise but think that the public is entitled to a degree of protection from excessive charges.

I feel that dealers fighting the 5% rule will not get much help from the public (or sympathy), based only on a contention that 5% profit is too small—but rather should direct their efforts against excessive regulations.

We handle underwritings for small corporations in our territory—if they can't sell well enough to justify our taking them on a 5% basis we are not much interested. Excepted, of course, would be small stocks (selling at low prices) and as we understand it, there is some relief afforded these situations, particularly where sold and authorized by the SEC. As I see it, the rule has had no effect on the market for the securities of small corporations in our area and I don't feel that it will.

WASHINGTON, D. C.

Over a period of time it will eliminate the sale of this kind of security entirely.

(Continued on page 1732)

The Cartel Problem

(Continued from page 1730)

With the peace will come international problems of the utmost difficulty.

The United States has a democratic political system and a competitive economic system.

The United States does not intend to coerce Great Britain, Soviet Russia, China and the rest of the post-war world to adopt the democratic political system of the United States.

But in the anti-trust division of the Department of Justice of the United States some officials now appear eager to coerce Great Britain, Soviet Russia, China and all the rest of the world to adopt the competitive system of the United States, with all the refinements added by successive decisions of the Supreme Court under the anti-trust laws.

This program these Department of Justice officials are now carrying out in the midst of the greatest war in history, instituting every kind of criminal and civil prosecution in their power for the purpose of injecting into foreign and international trade relationships every new requirement of competition that can be spelled out of the Supreme Court's ever-expanding interpretations of the anti-trust laws.

President Wilson in the First World War foresaw the folly of all this, and also the folly of subjecting Americans doing business abroad to all the requirements of all the American anti-trust laws as well as all the requirements of all the laws of the foreign countries where they are doing business, while the foreigners against whom they are competing abroad need comply only with the laws of the foreign countries where they are doing business.

To correct this obvious injustice and absurdity, Congress during the First World War enacted at President Wilson's insistence the Webb Export Trade Act of 1918 which now, however, is quite out of date.

Without delay, therefore, the State Department, the Department of Justice, the Foreign Economic Administration, and every other Government department and agency pertaining to this subject, should promptly collaborate in framing and recommending to Congress legislation to meet this situation, so that now in this present Second World War and for all the post-war period there can be achieved all the objectives that President Wilson sought to attain when he procured the enactment of the Webb Export Trade Act in 1918.

Municipal Bond Club Of Chicago Gets Slate

CHICAGO, ILL.—S. E. Johanigman, The Milwaukee Company, has been nominated for President of the Municipal Bond Club of Chicago for the 1944-45 term to succeed Lewis Miller of the First National Bank of Chicago, it was announced by Walter E. Lang, chairman of the nominating committee. Floyd W. Sanders, Smith, Barney & Co., has been nominated for secretary and Roswell B. Swazey, Harris Trust and Savings Bank, has been named treasurer.

Directors nominated include Frederick B. Carpenter, John Nuveen & Co.; Arthur M. Hoffman, Morris Mather & Co.; Lewis Miller, First National Bank of Chicago; Paul L. Mullaney, Mullaney, Ross & Co.; and A. G. Pickard, C. F. Childs and Company.

The annual meeting will be April 28 at the Attic Club when the nominations will be voted on by the members. In addition to Mr. Lang, the nominating committee includes L. Raymond Billett and William D. Kerr.

Small Business Seen Chief Victim Of NASD's 5% Mark-Up Rule

(Continued from page 1731)

WASHINGTON, D. C.

We seldom, if ever, mark up 5%, but we are opposed to being restrained and regulated. The principle is wrong, and if 5% can be enforced then any lesser degree of profit can be imposed. Integrity and fair-play should be the rules to keep men in business. You cannot legislate honesty and character.

A SMALL CONNECTICUT TOWN

Bad.

HARTFORD, CONN.

We believe it will force them out of business. With new telephone tax and postal increase, the margin is too small.

There is too much indefinite in the proposed NASD rulings.

When does mark-up start: If a stock is traded 25 to 25½ and we happen to buy at 25 on a portion of an order and pay 25½ for balance, what is mark-up on order?

We like your articles—we agree with you 100%. We strenuously object to paying several hundred dollars in dues per year for NASD heads to go to conventions and form rulings that they have in mind which are against the best interest of all. Why not a vote by all members—a popular vote—and see what happens.

MILWAUKEE, WIS.

(From firm favoring rule)

None whatever. We are not in sympathy with the attitude your paper has taken in this matter.

BRIDGEPORT, CONN.

We believe that it will narrow the markets of the less well-known smaller corporations. Any arbitrary rule of that sort is against the very principles that make for clean, keen competition in any decent business.

BRIDGEPORT, CONN.

We believe it will in some cases injure and in other cases almost destroy the market for such issues.

DENVER, COLO.

Do not believe it will have a great deal of effect one way or the other.

HARTFORD, CONN.

Restrictive. We have had too much "fiat" control of business for many years. We disagree with the policy of governmental dictation of percentage of profit in our business as we would the percentage of profits in any business unless it is found that such profits are unreasonable when service rendered and cost of same is considered.

DENVER, COLO.

Ruin underwriters.

CHICAGO, ILL.

Will automatically tend to decline marketwise through lack of interest and dealers will be forced to turn their selling and buying efforts to larger issues where information is more readily available and markets can be obtained with a minimum of effort and cost.

CHICAGO, ILL.

Will limit dealers' interest and thus tend to destroy ready marketability for such securities.

CHICAGO, ILL.

An attempt to adhere to the "philosophy" has resulted in our neglect of the smaller issues which have been responsible for a large part of our business.

PHILADELPHIA, PA.

(From firm favoring rule)

Best thing possible for securities industry. We are small dealers who have had 5% rule for years, which has not stood in our way of making money and building up our capital. There are too many profit-hounds in our business and the sooner they are forced out of business or go back to legitimate dealers or salesmen, the better everyone (including the "Chronicle") will be.

If a dealer can't work on a 5% rule and stay in business, it is high time they looked at their operation—that's why we have SEC's and NASD's, and still we don't learn until a 5% rule comes along to put the spotlight on the small percentage who would like to ruin the business for people who try to be respectable.

CHICAGO, ILL.

Doing little corporate business, we have no opinion on the above. However, in the inactive "dog" municipals we trade, the work involved in obtaining information sufficient to enable us to trade the securities is often too great to make it pay if the profit is arbitrarily fixed at 5%.

We are not in favor of an unreasonable spread but feel that in many instances circumstances surrounding a particular transaction warrant taking a profit larger than 5% or that each transaction should be judged separately on its merits or the profit be determined on the basis of work involved.

A fixed maximum mark-up rule would remove the incentive to check up or trade a great many inactive special assessment and tax warrant issues which constitute the major portion of our volume.

CHICAGO, ILL.

Will definitely tend to eradicate market.

SAN FRANCISCO, CAL.

(From firm favoring rule)

I do not see why it should have any effect. When Farnsworth Television was active and here at $6 and $7 a share, there was plenty of it retailed. It would seem to me that a commission of $30 or $35 a hundred was plenty of compensation. I personally think 5% is too high a mark-up in most cases. I know plenty of dealers that mark up rail bonds, such as So. Pac's, Mop's, Frisco's, etc., 5%. These bonds are all listed and how they get away with it I don't know. I think the client is a AAA sucker. If anybody would charge me $37.50 per bond to buy me So. Pac. 4½/81 I would holler so loud you could hear me in Seattle. Why I should pay $237.50 per 100 shares for the privilege of buying Bank of America is also too deep for me; that goes for the other bank stocks, too.

CHICAGO, ILL.

Bad. Too much regulation freezes markets and corporations out of existence.

CHICAGO, ILL.

Naturally, the market for securities of the smaller corporations of the country depends upon the activity of the smaller security dealer. A 5% mark-up would not permit of sufficient income to warrant any dealer handling that kind of business. Thus, the securities of the smaller corporation would not have a market, and if there was no market, the smaller corporations would have difficulty in getting any capital for their business whatsoever.

CHICAGO, ILL.

Don't know, for the reason that almost all our business is underwriting and selling at retail bonds of Catholic institutions; our gross profit is usually 2½%, seldom more. I agree with your views as expressed in the reprints which you sent me and I am opposed to regimentation.

CHICAGO, ILL.

It will put small dealers out of business and, therefore, lessen activity in small corporations' stocks and bonds.

TRENTON, N. J.

(From firm favoring rule)

We are in receipt of your recent questionnaire addressed to NASD members and in reply we wish to advise you that we are heartily in favor with the attitude of the National Association of Securities Dealers and their Board of Governors with respect to the so-called "5% mark-up rule."

We firmly believe that small security dealers, particularly, have much more to gain by a limitation on mark-ups than the large dealers do. Accordingly, we believe you are making a mistake in agitating for a change of the rule. We present the above solely as our opinion and in response to your request that security dealers advise you how they feel.

Attractive Speculation

Purolator Products, Inc., common stock appears attractive on a speculative basis at prevailing price levels, according to a memorandum on the situation just issued by Ward & Co., 120 Broadway, New York City. Copies of this memorandum may be had from the firm upon request as well as circulars on the following:

Du Mont Laboratories "A"; Merchants Distilling; Crowell-Collier Publishing; P. R. Mallory; General Instrument; Long Bell Lumber Co.; Great American Industries; Mid-Continent Airlines; Massachusetts Power & Light $2 preferred; Majestic Radio; Magnavox Corp.; Brockway Motors; Consolidated Dearborn; National Airlines; Chicago and Southern Airlines; American Export Air lines; Northeast Airlines.

Tomorrow's Markets Walter Whyte Says——

(Continued from page 1710)

old days, if you didn't like a stock you could say "sell at the market," and you'd probably come close. Today you have to wait for long stock to be sold first. So by the time your order is executed you may find you're facing a couple of points loss before you've even started.

* * *

To overcome the handicap there is one of two things to do. Either leave the short side alone or, if a rally is in the process of materializing, go long of 'em and wait.

But taking on long positions in present day markets isn't enough. A piece of news can come along and turn a potential rally into a decline which may be anything but pleasant to sit through. Even in the absence of news the chances are that the main trend may come along and knock the rally into a cocked hat. So a safeguard in the form of stops is placed around each purchase.

* * *

Last week you were long of six stocks. Before the week was over three of them were knocked out when they violated their stops. This leaves you with three issues at this writing. These are, Electric Auto-Lite at 39, stop 37; Jones and Laughlin at 22½, stop 19½, and Servel at 18, stop 16¾.

* * *

Currently the market is about 135. Failure to rally across the 139 level (before the set-back) indicates that a new trading range will be set up. The upper level will probably be just under the 139 figure; the lower, somewhere between current lows and 134. Applying this to the above list would mean that Electric Auto-Lite will run into offerings between 39 and 40; Jones and Laughlin, between 22 and 23, and Servel, just under 19.

* * *

For long-term buyers the market has yet to give evidences of a turn which is more than minor in character.

More next Thursday.

* * *

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Security Traders Association Of New York Eighth Annual Dinner Largest Ever Held

The eighth annual dinner of the Security Traders Association of New York was held in the Grand Ballroom of the Waldorf-Astoria Hotel on Friday, April 21, 1944.

There were more than 1,130 members and guests present which makes this the largest dinner ever held by the association. Other than the introductions of the guests sitting on the dais by President Willis Summers of Troster, Currie & Summers, there were no dinner speeches.

All the officers of the National Security Traders Association were present: William Perry Brown (Newman, Brown & Co., New Orleans), President; B. Winthrop Pizzini (B. W. Pizzini & Co., Inc., New York City), First Vice-President; Jerome Tegler (Dempsey-Tegeler & Co., St. Louis), Second Vice-President; Russell M. Dotts (Bioren & Co., Philadelphia), Treasurer, and Edward H. Welch (Sincere & Co., Chicago), Secretary.

Some of the presidents of the other city affiliates present were: George Muller (Janney & Co.), President of the Philadelphia affiliate; James B. Maguire (E. H. Rollins & Sons Inc.), President of the Boston affiliate; Preston A. Taylor (Mead, Irvine & Co.), President of the Baltimore affiliate; James English (Cooley & Co.), Vice-President of the Hartford affiliate. Also present were: Frank Dunne (Dunne & Co.), President of the New York Security Dealers Association; Fred C. Moffatt, President of the New York Curb Exchange, and Frank L. Scheffey, Executive Secretary of the NASD. The Securities and Exchange Commission, was well represented by the presence of James A. Treanor, Jr., head of the Trading Division in Philadelphia; James J. Caffrey, Regional Chairman in New York, together with E. Allen McDuffy and Pete Byrne, Counsel to the SEC.

The elaborate entertainment which followed the dinner was enjoyed by all.

Michael J. Heaney of Joseph McManus & Co., was Chairman of the dinner, assisted by Frank A. Pavis (Chas. E. Quincey & Co.), Vice-Chairman.

Webb Richards Is Now With Mason Brothers

(Special to The Financial Chronicle)

OAKLAND, CAL.—Webb Richards has become associated with Mason Bros., Central Bank Building, members of the Los Angeles and San Francisco Stock Exchanges. Mr. Richards was formerly an officer of Stephenson, Leydecker & Co. Prior thereto he had his own investment business in San Francisco.

LAMBORN & CO.
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Municipal News & Notes

"Exposing The Premium Bugaboo"

The above caption is the title of the current municipal letter issued by J. A. White & Co., Cincinnati, the subject matter of which is both interesting and timely, dealing as it does with the question of high premium municipals. These latter continue to reach the market in considerable volume as a result of liquidations carried out by private institutional sources and public trust funds. Because of their rather ancient vintage, the coupon rates on such obligations range upward from 4%. In addition, they represent in large degree securities of prime quality, and this combination of circumstances results in their being priced at pery high premiums. It is apparent, however, that the market for such offerings is somewhat limited due to the reluctance of some investors to pay the high premiums entailed.

In light of this situation, the above-mentioned bond house has presented a searching analysis of the situation, the underlying theme of which is that, in the final analysis, "premium is only a minor consideration" where investment is concerned. To quote from the letter: "How much better it is that a bond have a high premium and high quality, rather than a low premium and low quality; or that it have a high premium and a high yield, rather than a low premium and a low yield."

In developing this feature, the authors cite the various objections voiced by some investors to the purchase of high premium bonds and then proceed to explain why such objections "are not well founded." Among the objections is the fear of considerable loss in event of a sharp decline in the market. On this point, the bond house makes the following observations:

"Some bankers exclaim that they don't want to be carrying 40 points premium in a bond, if the market drops to par. But if the market declines from 140 to 100 for high premium bonds, it will drop from 100 to considerable discount for low coupon bonds. There is no advantage in carrying on your books at 100 bonds that are only worth 60, over carrying bonds at 140 that are worth only 100, especially when the cost of 140 is to be amortized to 100 by the time the bonds mature, and they were bought with the intention, and probability of holding them until they mature. Some bankers, in fact, prefer to buy high coupon bonds, with high premiums, just so that, if the market does decline so drastically, they will not have in their portfolio a great volume of bonds which are worth well below par.

"Other comments are heard to the effect that bonds bought at 140 may entail a considerable loss if the market declines considerably and the premium disappears from the market value of such bond. As another dealer pointed out some few months ago, the purchaser of high coupon bonds very possibly may suffer less loss from a drastic market decline, than the purchaser of low premium bonds. A person who has $100,000 invested in bonds which cost him an average of, let us say, 130, has $77,000 par value of bonds. A 20 point decline in the market value of his bonds to 110, would, therefore, mean a market loss of $15,400. On the other hand, a person who has $100,000 invested in bonds that cost him par, has, of course, $100.000 par value of bonds. A 20 point decline in the market value of his bonds would mean a market loss of $20,000, or $4,600 more than in the case of the person who had $100,000 invested in premium bonds."

Wire Bids on
VIRGINIA—WEST VIRGINIA
NORTH and SOUTH
CAROLINA
MUNICIPAL BONDS
F. W.
CRAIGIE & CO.
RICHMOND, VIRGINIA
Bell System Teletype: RH 83 & 84
Telephone 3-9137

North Carolina's Net General Debt Now $52,000,000

When Gov. J. Melville Broughton shoveled nearly $25,000,000 worth of liquidated bonds and bond coupons into the State Capitol furnace recently, the State of North Carolina for the first time saw its general debt overbalanced by quick assets.

The net general debt of the State stands at $52,768,524.31 as of March 31, 1944. The Budget Bureau has estimated that the general fund surplus at the end of this fiscal year will be around $55,000,000, greatest on record. Of this surplus, $20,106,352.75 is invested in a post-war bond fund, and another $15,000,000 is in temporary general fund investment.

Going into the fire was $15,227,000 worth of bonds and $9,457,982.50 in coupons. The $15,227,000 represented a reduction in the general fund and highway debts for the fiscal year biennium beginning July 1, 1941, ending June 20, 1943, thus keeping up the State's record of paying over $7,500,000 per year on its debts, exclusive of interest.

The net debt of the State, both general fund and highway bonds, stands now at $100,082,529.90. In 1926, the figure was $144,065,000. The highway fund, which now also contains a large surplus, is derived from gasoline taxes and motor vehicle licenses.

Maloney & Co. New Firm In Los Angeles

(Special to The Financial Chronicle)

LOS ANGELES, CAL. — Major Charles Maloney has formed Maloney & Co. with offices at 650 South Spring St. to engage in a securities business. He was formerly with H. R. Baker & Co. and Franklin Wullf & Co. and prior thereto was an officer of Sinclair, Dunlap & Co.

Nat'l City Of Cleveland Situation Attractive

Merrill, Turben & Co., Union Commerce Building, Cleveland, O., have prepared an interesting circular describing shares of National City Bank of Cleveland, which offer an attractive situation at current levels, the firm believes. Copies of the circular may be had from Merrill, Turben & Co. upon request.

Attractive Situation

Common stock of American La France Foamite Corp. offers attractive possibilities (the stock is tax free in Pennsylvania), according to a memorandum issued by Buckley Brothers, 1529 Walnut St., Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of this interesting memorandum may be had upon request from Buckley Brothers.

A Doctrine Lost In Practice

(Continued from page 1707)

a hybrid difficult of analysis. In its policing powers it savours of an administrative body. In some other functions, such as enlisting membership, collecting dues and assessments, its duties are strictly private. It would be enlightening to get an official expression as to whether NASD is to be regarded as a public, private or quasi-public institution; not that we would feel bound by any such expression if it were contrary to our own views on this subject. However, it might aid in the interest of clarity.

Whether public, private or quasi-public, this we do know. The NASD is a policing group supplementary to the SEC and the "5% spread philosophy" of ignominious and illegal origin was an attempt by the NASD's Board of Governors to throw a life-line to the SEC as a result of the latter's then floundering in unsuccessful efforts to create its own philosophy that sales prices should bear some reasonable relation to the market price.

We have asked editorially whether there was an understanding on this subject. Who of NASD conferred with whom of SEC? Result, a complete, if not discreet, silence.

Whatever else may be charged against the National Association of Securities Dealers, at least this may be said in its favor: It does have a "Code of Procedure for Handling Trade Practice Complaints." We are immediately concerned with Section 22 of that Code. Here it is:

"No member of the Board of Governors or of any Distric Business Conduct Committee or of any Local Business Conduct Committee shall in any manner, directly or indirectly, participate in the determination of any complaint affecting his interest or the interests of any person in whom he is directly or indirectly interested. In any case where such an interest is involved, the particular member shall disqualify himself, or shall be disqualified by the Chairman of any such Board or Committee."

Read hastily and without analysis, this rule would seem to be a safeguard in the interest of NASD members, intended to guaranty a fair trial. In truth, however, the whole trial set-up is self-defeating and calculated to prevent, rather than guarantee, the type of a trial that Americans through the decades have experienced as a part and parcel of our democratic way of life.

Under NASD rules, trials are conducted by Business Conduct Committees of the particular areas in which infractions of the rules are alleged to have occurred. Most frequently the members of the committees are direct business competitors of the defendants on trial. Under such circumstances "the interest" of these judges would be difficult of definition, or determination, and the fact that they are permitted to sit in judgment under such circumstances is in itself a miscarriage of justice, for influences are here at play which may have subconscious effects. Certainly, direct competitors cannot be said to have no interest in the outcome of such a trial.

The NASD Code of Procedure, viewed as a whole, is therefore abortive and tends to prevent fair and impartial hearings which could arrive at a just result. To all of this NASD members contribute through the medium of dues and assessments, contributions, as we have frequently demonstrated, by no means voluntary, but resulting from the monopolistic privileges enjoyed by the NASD as a result of the Maloney Act.

Strictly public policing bodies may have some excuse for hiding their strategy behind a wall of secrecy. The NASD is not such a body. Its members as well as the general public are entitled to know what liaison arrangements the NASD has with the SEC. Again we ask, did the representatives of both these bodies discuss the "5% spread philosophy" before it came into being? Who talked with whom, if such discussion took place, and to what effect? Are both organizations going to make a frank statement on this subject or will the public be treated to continued silence?

Tax Exempt Organizations Given Beyond May 15 For Filing Information Returns

Commissioner of Internal Revenue Joseph D. Nunan, Jr., on April 25 advised tax-exempt organizations that the time for filing the information returns required by Section 117 of the Revenue Act of 1943 will be extended beyond May 15 in the case of 1943 returns.

It is pointed out that the Revenue Act of 1943 became law on February 25, 1944, and the necessary regulations and forms are not quite ready. Commissioner Nunan, therefore, said a new filing date will not be determined until it is ascertained when printed copies of forms can be made available to the organizations that need them.

An earlier item relative to the filing of these returns appeared in our issue of March 23, page 1231.

Jos. B. Lang Dies

Joseph B. Lang, partner in J. B. Lang & Co., 42 Broadway, New York City, died on Monday, April 24. Funeral from Hoppe Funeral Home, 854 Avenue C, Bayonne, N. J. Solemn High Mass at St. Henry's Roman Catholic Church Thursday, April 27, at 10:45 a.m.

DIVIDEND NOTICES

The American Tobacco Company
INCORPORATED
111 Fifth Avenue New York City

155TH COMMON DIVIDEND

A regular dividend of Seventy-five Cents (75¢) per share has been declared upon the Common Stock and Common Stock B of THE AMERICAN TOBACCO COMPANY, payable in cash on June 1, 1944, to stockholders of record at the close of business May 10, 1944. Checks will be mailed.

EDMUND A. HARVEY, *Treasurer*

April 26, 1944

Borden's
COMMON DIVIDEND
No. 137

An interim dividend of forty cents (40¢) per share has been declared on the outstanding common stock of this Company, payable June 1, 1944, to stockholders of record at the close of business May 15, 1944. Checks will be mailed.

The Borden Company
E. L. NOETZEL, *Treasurer*

THE BUCKEYE PIPE LINE COMPANY
26 Broadway
New York, April 12, 1944.

A dividend of Twenty (20) Cents per share has been declared on the capital stock without par value of this Company, payable June 15, 1944 to shareholders of record at the close of business May 19, 1944.

J. R. FAST, Secretary.

COLUMBIAN CARBON COMPANY

Ninetieth Consecutive Quarterly Dividend

The Directors of Columbian Carbon Company have declared a regular quarterly dividend of $1.00 per share, payable June 10, 1944, to stockholders of record May 19, 1944, at 3 P. M.

GEORGE L. BUBB
Treasurer

INTERNATIONAL HARVESTER COMPANY

Quarterly dividend No. 103 of one dollar and seventy-five cents ($1.75) per share on the preferred stock, payable June 1, 1944, has been declared to stockholders of record at the close of business May 5, 1944.

SANFORD B. WHITE, Secretary.

UNITED GAS CORPORATION
$7 Preferred Stock Dividend

At a meeting of the Board of Directors of United Gas Corporation held April 26, 1944, a dividend of $3.50 per share was declared on the $7 Preferred Stock of the Corporation for payment June 1, 1944, to stockholders of record at the close of business May 8, 1944.

E. H. DIXON, Treasurer.

MEETING NOTICE

NORFOLK AND WESTERN RAILWAY COMPANY
Roanoke, Virginia, April 6, 1944.
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders of Norfolk and Western Railway Company will be held, pursuant to the By-laws, at the principal office of the Company in Roanoke, Virginia, on Thursday, May 11, 1944, at 10 o'clock A. M., to elect four Directors for the term of three years.

Stockholders of record at the close of business April 21, 1944, will be entitled to vote at such meeting.

L. W. COX, *Secretary*.

Moffat With Shields & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — David W. Moffat has become associated with Shields & Co., 135 South La Salle St. Mr. Moffat was formerly with Stifel, Nicolaus & Co., Inc., and prior thereto conducted his own investment business.

Arbitrage Possibilities

Chicago, Indianapolis & Louisville Railway Co. has attractive arbitrage possibilities, according to a circular issued by Sutro Bros. & Co., 120 Broadway, N. Y. City, members of the New York Stock Exchange. Copies of this circular may be had from Sutro Bros. & Co. upon request.

America's Place In World Affairs

(Continued from page 1709)

the Pax Romana to the League of Nations, the common men and women of the world have always yearned to throw off the shackles of barbarism and to establish concord. It is not the people who have failed. It is the leaders of people, through all the ages, who have fallen short of their high obligations. When the governments of the world become responsive to the will of the people, peace will abide.

Again many peace plans are afloat. Too few of them have been evolved with a view to the stark realities which the world will face when this war is over. The machinery of peace will be effective only if it relieves the tensions that cause wars. Only as men diagnose the forces that make for conflict can they provide a cure for this moral malady in our civilization.

III.

Let us consider some of the realities that will confront us as we set about the task of establishing world peace.

First and foremost, we must anticipate temporary economic and political instability in many parts of the world.

At the end of the war there will be all too few stable governments in the world. These must be established before any permanent international organization will be possible.

Likewise, there will be multitudes of starving, diseased and homeless men, women and children in Europe and the Orient. Their gaunt faces will haunt the peace table.

Millions of the ablest young men will have been killed or disabled.

Wealth and productive facilities will have been destroyed. Land will be depleted. Property ownership will be confused. No one will know who the rightful owners are because of the Nazi and Japanese scrambling of property rights and the destruction of title records.

There will be no financial stability. Money values today in the area of combat are highly artificial. If controls are removed, it is probable that many European currencies will collapse.

Many nations will be without resources with which to buy raw materials or foodstuffs, except such resources as may be made available by the credit of the United Nations.

Finally, we may expect a terrific conflict of opposing political forces struggling for dominance. There will be a release of deep-seated and engendered hate, especially in the occupied countries.

Unless these problems are frankly faced and solved, anarchy will be lurking around the corner. With anarchy, the hope of a just and enduring peace will collapse.

The United Nations therefore face the necessity of providing food, shipping, supplies, credits—and helping industry and agriculture get started abroad. The United States must do its full share, generously and compassionately.

But we must not be led into assuming a burden intolerable to us and demoralizing to others. We alone cannot repair the destruction of this war. We cannot buy international good will. Our major effort should be to help others help themselves. Any promise to do more than we can perform will breed ill-will and hate. There must be open and frank consideration of our responsibilities. There must be no secret international agreements affecting the post-war world. International good will can be developed by open and honest dealings with other nations and by keeping our commitments.

The long-range economic problems confronting the world are even more complex. I refer to the problems of currency, credit, markets and international trade. After the last war, all nations indulged in excessive economic nationalism. This expressed itself in discriminatory trade agreemens, quotas, excessive tariffs, monopolies and cartels, exchange wars, barter systems and many other barriers to international trade and commerce.

Let us not forget that the President of the United States had an opportunity to take leadership in controlling the world-wide economic maladjustment which deepened after 1933. We all know that monetary instability in the world is a serious barrier to international trade—and that trade barriers contribute mightily to wars. They were forces which helped Hitler rise to power. To meet this problem of instability which existed in 1933, the World Monetary and Economic Conference of London was held. The United States was represented. Suddenly and without warning, the President blasted the conference. It was wrecked just as completely as if a bomb had been dropped out of the skies and taken the lives of all assembled. The present administration, then and there, indulged in an act of extreme economic isolationism, and the hope of establishing monetary and economic stability in the world was crushed.

The failure of nations to deal forthrightly with the problems of currency, credit, markets and international trade contributed, more than anything else, toward sowing the seeds of present international conflict. The practice of international improvisation should end. The hour for forthright constructive action is here.

IV.

These convictions impel me to offer some specific recommendations:

First of all, as I have pointed out, there will be economic and political instability in Europe and Asia at the end of the war. Pending the time when we may establish a permanent international organization, we must have some kind of effective machinery to preserve international order and to help set the nations of Europe and Asia on the road to self-rehabilitation.

The United States, the British Commonwealth and Russia will emerge from this war as the nations having the largest responsibility for world order and the power to maintain it. China is a nation of great potential power. These four nations, in my judgment, while acting as independent sovereign states, must assume joint responsibility for world order until economic and political stability has been regained by the individual nations.

This means that these four great powers should agree now to maintain adequate military, naval and air power in the immediate post-war period. This does not mean an international police force, or a military alliance. The people of this country are opposed to both. It does contemplate that these four nations shall reach a mutual understanding as to their respective military establishments, and that they shall express that understanding in a temporary and transitional compact to be entered into as soon as possible. Other nations, willing to assume their share of responsibility, should be permitted to join this compact. The compact should also contain the principles and aims which these powers will support in the post-war world. It is important that nations know as quickly as possible what adjustments they must make. Through such a procedure the four great powers, and those who join with them, shall become effective guardians of the peace until a permanent international organization can be established.

Already much valuable time and opportunity to hasten the end of the war have been lost by our failure to make clear, both to ourselves and to our enemies, the prime objectives for which we are fighting.

Second, the United Nations should immediately explore the bases for a permanent international structure for peace. Such a structure cannot be completed until stable governments have been restored. The details must be worked out in the light of developing conditions and after open discussion. Lasting peace cannot spring full born by any grandiose plan, but step by step in solution of the problems which will confront us. Fundamental principles, however, can and should be agreed upon at the earliest possible moment.

I believe that the United States must take her place in a cooperative organization of sovereign nations. We want no supergovernment. We want no dictatorial world state. Moreover, declarations and acts of our allies indicate that they likewise want no supergovernment or dictatorial world state. A cooperative organization of sovereign states, bent upon peace and supported by a will for peace among their peoples, can solve the international problems that lead to war.

The major purpose of such an institution must be to establish a reign of law among nations. We need to develop judicial processes for the settlement of justiciable questions. The Hague Tribunal and the Permanent Court of International Justice have demonstrated that much can be accomplished by this means to avoid recourse to arms. They can be made more effective. Personally, I have always felt that the United States should join the World Court. It is vital that there be a continuing study and revision of the principles and procedures of international law and tribunals. We also need more adequate machinery for the settlement of non-justiciable questions by mediation, conciliation and arbitration. Every problem solved; every commitment kept, will strengthen the program for peace.

The Republican Party at Mackinac took the initiative in bringing our post-war international program down to the hard ground of common sense. Its proposals may well be our guide.

Third, the United States, Great Britain, Russia and China should now inaugurate a continuing study of such problems as currencies, credits, tariffs, air rights, markets and international trade.

Of special importance in such a study is the problem of the money standard. This problem should be approached from the standpoint of stabilizing the currency of individual nations. International economic stability must be built upon the foundations of a sound money and sound economic policy in each of the individual nations. Our first step is the establishment of a sound internal economy in the United States.

In formulating a program for monetary stabilization, all visionary plans, such as the Keynes and White plans, must be avoided. There is no need for resorting to radical theories. The best hope for the future lies in the return of the world in due course to the international gold standard. In spite of its defects, the gold standard is the most satisfactory basis of stability the world has yet known. People generally have confidence in it because they can understand it better than any other monetary standard. It requires less management, and hence it is less subject to manipulation by international politics. In short, I believe that we should begin with what we have found best in our experience and endeavor to improve it by international cooperation.

Fourth, the United States is distinctly in need of consistency and competency in its diplomatic relations.

The State Department again must be permitted to exercise the initiative and responsibility that marked the administrations of such able Republican Secretaries as Seward, Blaine, Hay, Root and Hughes. We need a President who will permit his department heads the latitude to exercise the responsibility that is vested in them. The United States has just as able, adequately trained and thoroughly experienced career men in the diplomatic service as any other nation. They are thoroughly familiar with the individual problems and viewpoints of the various nations. This nation has the "know-how" in international relations. A Republican administration will use it. No one man knows all the answers, but someone knows each answer.

Finally, in our dealings with other nations, we must act fairly, but with resolution. Too often in foreign affairs the present administration has exhibited before the world indecision, vacillation and weakness. A strong nation should have a strong policy.

The time has come when an American President should be courageous enough to speak out for America—for our rights and for our convictions. For example, I believe that the President, supported by the Congress, should insist upon the retention of certain strategic military and naval bases and air fields which have been built with American money. We should be just as diligent in protecting our own national interests as our allies are diligent in protecting theirs. We can exert a wholesome influence in the world only if we ourselves remain powerful. After the last war, the United States held certain ideals before the world. Many of those ideals were promptly repudiated by the statesmen of Europe. We ourselves let them go by default. We yielded, and we lost the respect of other nations. Indeed, we earned their contempt and, worst of all, the armistice proved to be only an armistice. That tragedy must not be repeated.

America's cooperation with other nations must not be at the expense of her principles, her honor, her ideals or her form of government. But, I believe we can have international cooperation with justice and with honor, and that America must play her full part and do her full share. To do otherwise would be to break our covenant with those who struggle and die for us at this hour.

That is what our fighting sons and daughters are thinking. That is what fathers and mothers everywhere are praying for. Our great objectives must be: the speedy winning of the war; the establishment of a just and enduring peace; and the maintenance of a strong America—an America firm in her convictions, cooperative in the building of a better world, and free to enjoy the blessings which can only be assured in a world delivered from the scourge of war.

Ins. Stocks Compared

Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange, have prepared an interesting comparison and analysis of insurance stocks. Copies of these data may be had from the firm upon request.

Fashion Park Attractive

A detailed study of Fashion Park, Inc., is contained in a special circular prepared by Simons, Linburn & Co., 25 Broad Street, New York. Copies of this interesting study may be had from the firm upon request.

OUR REPORTER'S REPORT

Action by the Chicago, Burlington & Quincy Railroad Co., in applying to the Interstate Commerce Commission for authority to issue and place new bonds and serial notes, has revived interest in the decision which the Commission must hand down ultimately involving application of competitive bidding to all railroad securities.

It is not that underwriters feel that the decision might have changed the complexion of this financing. But rather that the consensus seems to be that there is a goodly volume of potential railroad financing in the wind once the air is cleared on that score.

The Burlington's $30,000,000 of collateral trust bonds, 25-year maturity, are slated to go directly to a group of large insurance companies, while the road will call upon banks for bids for the $10,000,000 of one- to five-year serial notes involved.

Funds raised through this operation, together with necessary treasury cash, will be applied to redemption of $56,773,000 of Illinois division mortgage bonds due in 1949.

And with regard to the decision on competitive bidding, it now appears that definite ruling on that score is some distance away, since the indication is that present Commissioners will await the naming of the late Joseph B. Eastman's successor before rendering their findings.

Moreover, it could be that the incoming member could swing the balance either way since it is current belief that the Commissioners are about evenly divided in their views.

Cudahy Packing 3s

Bankers opened subscription books yesterday for the issue of $14,000,000 of first mortgage sinking fund 3% bonds, series B, of Cudahy Packing Co.

Priced at 100 and accrued interest, if any, from May 1, the bonds were reported to have aroused considerable investor interest, especially in the mid-West, and to be moving well.

Proceeds, with company cash, will be applied to the redemption of $17,128,500 principal amount of first mortgage series A 3¾s now outstanding.

Maybe Too Jittery

Whether justified or not, there is no gainsaying the fact that the markets are in the grip of a severe case of nerves, better known to observers as plain "jitters."

At the moment it is anxiety over the seemingly impending European invasion. But as conversation wears along, according to people in the market place, it works around to the "tough time" the country will face with the return of peace.

Those of long experience find the last-mentioned phase a bit trying. They hold it is silly to think that a war is needed to make this country prosperous.

Their contention is that the country's industry can make more money with much less trouble without war, and they cite the record to prove it.

New Issue Market

While not attempting to thrust aside the idea that the growing indications of early European invasion have exerted a dampening influence on investment, as well as speculative activity, most observers feel that the market would be immensely benefited by flotation of a really "fast-moving" offering.

They contend that the rather unsatisfactory results accruing

The Securities Salesman's Corner

Using Direct Mail To Open New Accounts

The main purpose of any type of advertising is to build confidence in the advertiser. This enables the sales organization to follow up leads that have been uncovered through the use of properly prepared advertising and convert these interested inquiries into sales. If direct mail is used for this purpose, the best results are obtained when a solid basis of preparatory advertising is applied to the replying inquiries obtained from the first and second mailings. Such a program should follow a definite plan—it should be consistent.

Such a plan can be effectively constructed along the lines of the following. If a stockholder or bondholder list is available for circularization it is advisable to select one where the holders of the security are likely to have sufficient reason to show more than ordinary interest in receiving an analytical report on the current status of the security in question. Companies in receivership, preferred stocks that have not paid dividends for some years but where there has been an improvement in recent years, are examples that are usually worthwhile for direct mail purposes.

It is not necessary to send an elaborate mailing piece to such a list on the first mailing. A double reply card will serve just about as well as any other type of announcement providing the list to be circularized is properly selected. These cards are well known to most investment dealers. They consist of a double size postal card, perforated in the middle, with space for the recipient to write his name or address and return on a postage-paid return card. The message simply announces that "an up-to-date analysis has been prepared which is of interest to holders of the security in question, and that it will be furnished without cost or obligation upon request, etc."

When the requests are received THIS IS THE TIME TO DO A REAL JOB. Instead of sending out a stereotyped circular, prepare an analysis from an entirely different angle. First of all use a good layout, make it look impressive. THIS IS THE TIME WHEN YOU MAKE YOUR FIRST IMPRESSION SO LET IT BE GOOD. Then write it from the investor's angle. Make it interesting and readable. Put in a preface that states that the main purpose of the analysis is to help security holders who own the particular issue in question, to decide for themselves the best policy for them to pursue. Be frank, acknowledge that trying to forecast the future is at best a hazardous procedure, but that it is the purpose of your firm to help investors to do a better job for themselves by placing before them the important factors which might affect the future value of their investments. In this way you begin to SELL SERVICE, AND SERVICE IS THE BASIS FOR ACQUIRING A FUTURE CUSTOMER.

Send out the analysis with a covering letter which thanks the prospect for his inquiry. In this letter suggest that after he has read the enclosed analysis, that if there are any further questions he may have that you would be pleased if he would write you and you would go into them further. Also suggest that if he has any other holdings that he would like to have analyzed as to future outlook and present position that you will send him reports prepared along the same lines as the analysis. A self addressed envelope can be enclosed for his convenience. After another week has passed write another letter STRESSING THE SERVICE FEATURES OF YOUR BUSINESS. Build up a strong case for sound investment based upon skilled supervision of investor's accounts who have found it worthwhile to do business with your firm. In this letter, once again offer something—a booklet—an anlysis of holdings—a reprint of an interesting article that has a pertinent bearing upon investments.

Incidentally, if it is possible to find a reason for a personal letter, or a telephone call in cases within local territory, by all means do so. When it comes to lists of holdings that have come in for analysis, it is sometimes possible to ask for a maturity date, interest rate, or the exact title of a specific issue, wherein the inquirer has not been specific. This all helps to get acquainted—but of course, don't try to make a sale at this point.

If inquiries such as these are turned over to the sales organization after they have been PROPERLY PREPARED, then the basis for a substantial and lasting customer relationship is established. Then customers can be created. There is a difference between making sales and making customers. On the other hand if the replies to the first mailing are handed over to the salesman and he takes a report in his hand, walks up to the prospect's place of business or his home and says, "Mr. Jones my name is Blank, here is the report on the XYZ company which you requested"—the chances are he may make some sales but only a few real customers will result from such a procedure. The longer way is the most productive way. There is no short cut to building up a satisfied clientele of real investor clients—but advertising along such lines as outlined here—IF PROPERLY FOLLOWED BY PERSONAL INTERVIEWS THAT BACK UP THE OFFER OF INVESTMENT SERVICE WHICH IS BASED UPON PLACING THE CUSTOMERS WELFARE FIRST WILL EVENTUALLY BUILD A BUSINESS.

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in the last four or five undertakings have served to make people cautious all around.

But, on the other hand, they point out, the seasoned market, notably among the speculative issues such as reorganization rails, has shown evidence of good support buying on recurrent dips.

Future Prospects

Another public utility operation moved a step nearer to market with the recent filing by the New Jersey Power & Light Co. of a registration covering $9,000,000 of first mortgage bonds to mature in 1974 along with 30,000 shares of cumulative preferred stock of $100 par.

Baltimore & Ohio Railroad, Roy B. White, President, has just stated, expects to be able to take care of the road's publicly-held notes maturing Aug. 1, adding that the RFC has agreed to extend a loan for $13,490,000 secured by such notes.

Clifford Washburn Is With J. A. Hogle Co.

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—Clifford M. Washburn has become affiliated with J. A. Hogle & Co., 507 West Sixth St. Mr. Washburn was formerly local manager for Merrill Lynch, Pierce, Fenner & Beane and E. A. Pierce & Co.

Attractive Situation

The current situations in Loft Candy Corp., Majestic Radio and Television, and Allan du Mont Laboratories offer attractive possibilities according to a memorandum issued by J. F. Reilly & Co., 111 Broadway, New York City. Copies of these interesting memoranda may be had from the firm upon request.

Calendar Of New Security Flotations

OFFERINGS

CUDAHY PACKING CO.—$14,000,000 first mortgage sinking fund bonds, series B, 3% due May 1, 1964. Proceeds together with general funds of company are to be applied to the redemption at 102% of entire $17,182,500 first mortgage sinking fund bonds, series A, 3¾%, due Sept. 1, 1955. Underwriting are Halsey, Stuart & Co., Inc., $4,800,000; Goldman, Sachs & Co., $1,400,000; Central Republic Co., Inc., $1,050,000; Ladenburg, Thalmann & Co., $1,050,000; F. S. Moseley & Co., $1,050,000; A. G. Becker & Co., Inc., $900,000; Hallgarten & Co., $750,000; Shields & Co., $750,000; Blair & Co., $600,000; Hayden, Stone & Co., $600,000; Paine, Webber, Jackson & Curtis, $450,000; William Blair & Co., $300,000, and First of Michigan Corp., $300,000. Filed April 6, 1944. Details in "Chronicle," April 13, 1944.

Offered April 26 at 100 and int.

CORNELL-DUBILIER ELECTRIC CORP.—20,000 shares cumulative preferred stock, series A (no par). Proceeds for working capital. Filed March 30, 1944. Details in "Chronicle," April 6, 1944.

Offered 20,000 shares $5.25 cumulative preferred stock, series A, offered April 25 at $100 per share plus dividend by Eastman, Dillon & Co. and associates

MILLER MANUFACTURING CO.—100,000 shares of convertible class A stock (par $5) and 316,667 shares of common stock (par $1). Of class A stock 95,000 shares will be offered to public at $10 per share. The remaining 5,000 shares of class A stock, and 16,667 shares of common stock will be issued to certain holders of Rieke Metal Products Corp. as part of purchase price of stock of Rieke Metal proposed to be acquired by Miller from such stockholders. Of the net proceeds from sale of 95,000 shares of class A stock ($790,445), $587,500 will be used to pay cash balance of the purchase price of stock of Rieke Metal and any balance will be added to working capital. Baker, Simonds & Co., Van Alstyne, Noel & Co. and Straus Securities Co. are underwriters. Filed Mar. 29, 1944. Details in "Chronicle," April 6, 1944.

Offered 95,000 shares convertible class A stock offered at $10 per share, April 25, by Baker, Simonds & Co., Van Alstyne, Noel & Co. and Straus Securities Co.

WESTVACO CHLORINE PRODUCTS CORP.—35,000 shares of $4.25 cumulative preferred stock (no par). Proceeds will be made available for one or more of following purposes: Enlargement and improvement of present plants and processes; erection of plants to produce new products; acquisition and conversion of plants now owned by government and operated by the company, as well as other properties, and other general corporate purposes. Filed April 8, 1944. Details in "Chronicle," April 13, 1944.

Offered April 26 at $101.50 per share plus dividend by F. Eberstadt & Co., Eastman, Dillon & Co., and Lee Higginson Corp.

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

SATURDAY, MAY 6

NORTHERN INDIANA PUBLIC SERVICE CO. has filed a registration statement for 220,078 shares of 5% cumulative preferred stock, par $100 per share.

Address—5265 Hohman Avenue, Hammond, Indiana.

Business—Public utility.

Underwriting—Stone & Webster and Blodget, Inc., and Harriman Ripley & Co., Inc., New York, are principal underwriters, with others to be named by amendment.

Offering—The company plans to issue the 220,078 shares of 5% preferred stock to effect the retirement by exchange or redemption of an equal number of shares of its 7%, 6% and 5½% preferred stock outstanding, the exchange to be on a share for share basis plus a cash payment to be filed by amendment.

Purpose—To retire or redeem presently outstanding preferred stock.

Registration Statement No. 2-5351. Form S-1. (4-17-44).

MONDAY, MAY 8

KANSAS - NEBRASKA NATURAL GAS CO., INC., has filed a registration statement for $1,500,000 first mortgage sinking fund bonds 4% series C, due April 1, 1959.

Address—Phillipsburg, Kansas.

Business—Operating public utility.

Underwriting—Central Republic Co., Inc., Chicago, is named underwriter.

Offering—Price to the public is 107% exclusive of accrued interest from April 1, 1944.

Proceeds—For construction purposes. See statement below.

Registration Statement No. 2-5352. Form S-1. (4-19-44).

KANSAS - NEBRASKA NATURAL GAS CO., INC., has filed a registration statement for 2,000 shares of $5 cumulative preferred stock, without par value, and 58,636 shares of common stock, $5 par value.

Address—Phillipsburg, Kansas.

Business—Operating public utility company engaged in the purchase and sale of natural gas.

Underwriting—The underwriters for the preferred and common stock are First Trust Co., of Lincoln, Neb.; Cruttenden & Co., Chicago; Beecroft, Cole & Co., Topeka; Harold E. Wood & Co., St. Paul; Rauscher, Pierce & Co., Dallas; United Trust Co. of Abilene, Kan., and Frank & Belden, Inc., Minneapolis.

Offering—Holders of the company's common stock are offered the right to purchase one share of common at $6.50 a share for each four shares held of record May 12, 1944. These purchase rights expire May 26, 1944. Any unsubscribed shares of common will be taken up by the underwriters at $6.50 a share and offered to the public at $7 per share. Offering price of the preferred to the public is $105 a share.

Proceeds—Proceeds from the sale of the stock and the proposed sale of $1,500,000 4% bonds series C and working capital will be used to defray costs of construction expenditures estimated at $2,500,000.

Registration Statement No. 2-5353. Form S-1. (4-19-44).

TUESDAY, MAY 9

FLINTKOTE COMPANY has filed a registration statement for 237,902 shares of common stock, without par value.

Address—30 Rockefeller Plaza, New York, N. Y.

Business—Manufacture and sale of various asphalt and asbestos-cement roofing and siding products, etc.

Underwriting—Underwriters are Lehman Brothers, A. C. Allyn & Co., Inc., Bacon, Whipple & Co., Bear, Stearns & Co., A. G. Becker & Co., Inc., Alex. Brown & Sons; Dominick & Dominick, Graham, Parsons & Co., Granbery, Marache & Lord, Hallgarten & Co., Hemphill, Noyes & Co., Hornblower & Weeks, A. M. Kidder & Co., Ladenbury, Thalmann & Co., Laurence M. Marks & Co., Merrill Lynch, Pierce, Fenner & Beane, Paine, Webber, Jackson & Curtis, L. F. Rothschild & Co., Schoellkopf, Hutton & Pomeroy, Inc., I. M. Simon & Co., Stroud & Co., Inc., Swiss American Corp., Wertheim & Co., and White, Weld & Co.

Offering—The 237,902 shares of common are being offered for subscription to the holders of common stock at the rate of one share for each three shares of common held, at a price to be fixed by amendment.

Proceeds—It is contemplated the entire net proceeds will be used for the erection of additional plant facilities, or in the alternative to apply all or a part of the proceeds to the retirement and redemption of all or a part of the company's $4.50 cumulative preferred stock or fifteen year 3% debentures.

Registration Statement No. 2-5354. Form S-1. (4-20-44).

WEDNESDAY, MAY 10

NEW JERSEY POWER & LIGHT CO. has filed a registration statement for $9,000,000 first mortgage bonds due March 1, 1974, and 30,000 shares of cumulative preferred stock, par $100 per share. The interest rate on the bonds and dividend rate on the preferred stock will be filed by amendment.

Address—9 West Blackwell Street, Dover, N. J.

Business—Utility company.

Underwriting—The bonds and stock are to be offered for sale at competitive bidding pursuant to the Commission's competitive bidding Rule U-50, and the names of underwriters will be filed by amendment.

Offering—Price to the public will be filed by amendment.

Proceeds—Proceeds from sale of bonds and stock, together with additional funds from the company's treasury to the extent required, will be used to redeem on or about July 1, 1944, $9,000,000 outstanding 4½% first mortgage bonds, due 1960, at 105 and 33,060 shares of $100 par $6 preferred stock outstanding at 110.

Registration Statement No. 2-5355. Form S-1. (4-21-44).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN BAKERIES CO.—13,000 shrs. of class B stock (no par). The stock offered for sale is that of L. A. Cushman and Martha Bryan Allen Cushman as trustees of L. A. Cushman Trust. Names of underwriters and price to public by amendments. Filed March 29, 1944. Details in "Chronicle," April 6, 1944.

BEN-HUR PRODUCTS, INC.—$300,000 5% convertible debentures, series of 1943, due Feb. 1, 1951 and 11,400 prior preferred shares (for purpose of conversion). Proceeds to retire bank loans and working capital. Pacific Co. of Calif. and Wyeth & Co. named underwriters. Filed Dec. 20, 1943. Details in "Chronicle," March 9, 1944.

CARPENTER PAPER CO.—15,000 shares of common stock (par $1). Price to public $30 per share. 1,717 shares are being currently offered to a group of officers and employees at $21.50 per share under a separate registration and prospectus. Net proceeds ($446,000) are to be used for working capital. No underwriters named. Filed Mar. 30, 1944. Details in "Chronicle," April 6, 1944.

KLINE BROTHERS CO.—$500,000 5% sinking fund notes, due March 1, 1954. To be offered at 100 net, proceeds will be applied as follows: To redemption of $243,600 5% sinking fund notes, due May 1, 1952, at 100, $243,600; to renewal of equipment, etc., $75,000; for working capital, $74,295, and for post-war expansion, $80,000. Illinois Securities Co., Joliet, Ill., underwriters. Filed March 24, 1944. Details in "Chronicle," March 30, 1944.

PEERLESS IMPERIAL CO., INC.—4,000 shares of preferred stock ($100 par). Company is offering, without underwriters, to its various customers and others the 4,000 shares of preferred stock at $100 per share plus dividends. Proceeds for working capital. Not underwritten. Filed March 29, 1944. Details in "Chronicle," April 6, 1944.

PLOMB TOOL CO.—$600,000 10-year 5% convertible debentures due Jan. 1, 1954. Proceeds will be used to redeem first mortgage bonds, reimbursement of company for funds used to redeem preferred shares and reduction in V-loan. Price to public and names of underwriters by amendments. Filed Mar. 29, 1944. Details in "Chronicle," April 6, 1944.

PUBLIC SERVICE CO. OF OKLA.—$1,500,000 5% cumulative preferred stock (par $100) and $6,600,000 first mortgage bonds, series A 3½% due Feb. 1, 1971. Stock is for exchange of $6 preferred of Southwestern Light & Power Co. (subsidiary) on share for share basis. Bonds will be offered for sale at competitive bidding. Registration effective Jan. 10, 1944. Filed Dec. 21, 1943. Details in "Chronicle," March 16, 1944.

SOUTH COAST CORP.—$1,500,000 first mortgage 5% bonds due Dec. 31, 1955. Proceeds to redeem $998,405 general mortgage income 6s and for working capital. Paul H. Davis & Co. principal underwriter. Filed Jan. 24, 1944.

SOUTH COAST CORP.—$1,702,260 5% cumulative income debentures (subordinated) due Nov. 30, 1973. The debentures are owned by Celotex Corp. and do not represent new financing. Paul H. Davis & Co., Chicago, is named underwriter. Filed March 31, 1944. Details in "Chronicle," April 6, 1944.

SPRAGUE-WARNER-KENNEY CORP.—15,000 shares of 6% cumulative preferred stock (par $100). Proceeds will be used for the acquisition of a maximum of 8,649 shares of Western Grocer Co. 7% preferred in exchange of shares and $575,000 will be applied to retirement of 5,750 shares of 6% cumulative preferred of Sprague at $100 per share. Company also plans to issue $3,250,000 face amount of installment promissory notes and use proceeds as additional working capital. A. C. Allyn & Co., Inc., underwriter. Filed March 16, 1944. Details in "Chronicle," March 23, 1944.

THE TRION CO.—12,850 shares of 5% preferred stock, cumulative (par $100). Ingalls & Snyder; Wyatt, Neal & Waggoner; R. S. Dickson & Co., Inc.; Kirchofer & Arnold, Inc.; Robinson-Humphrey & Co.; Brooke, Tindall & Co.; J. H. Hilsman & Co., Inc.; Clement A. Evans & Co., Inc.; A. M. Law & Co., and H. T. Mills. Filed March 31, 1944. Details in "Chronicle," April 6, 1944.

VIRGINIA ELECTRIC & POWER CO.—An amended plan for merger of Virginia Electric & Power Co. and Virginia Public Service Co. filed with SEC April 17, 1944. Amended plan provides following changes from original plan: (1) $23,000,000 of 3% bonds of Vepco will be sold instead of $24,500,000 of 3½% bonds; (2) $9,000,000 of 2¼% 10-year serial notes will be issued instead of $5,000,000 2¼% 5-year serial notes; (3) each share of Vps preference will receive one share of new Vepco $5 dividend preference stock plus, for the 7% Vps preference, $24.50 in cash and for 6% Vps preference $19 in cash (plus accrued dividends in both cases); Vepco will restrict dividend payments on common to an extent which will leave in surplus $11,020,000 over a period of 10 years as compared with original proposal of $6,000,000 over a period of five years. Original plan filed Feb. 28, 1944, details of which were outlined in "Chronicle," March 16, 1944. Bond will be sold through competitive bidding.

VERTIENTES-CAMAGUEY SUGAR CO. OF CUBA.—696,702 shares of common stock ($6.50 par), U. S. currency. Of shrs. registered, 443,850 are outstanding and owned by the National City Bank, N. Y. Several underwriters have agreed to purchase $1,663,500 of first mortgage (collateral) 5% convertible bonds of company, due Oct. 1, 1951, owned by National City Bank, N. Y. Underwriters propose to convert these bonds at or prior to closing and the 252,852 shares of common stock which are received by the underwriters on such conversion, together with the 443,850 shrs. previously mentioned, will make up the total stock to be offered. Harriman Ripley & Co., Inc., N. Y., principal underwriter. Filed Mar 29, 1944. Details in "Chronicle," April 6, 1944.

Schram To Address New York Bond Club

Emil Schram, President of the New York Stock Exchange, will address a luncheon meeting of the Bond Club of New York to be held on May 1 at the Bankers Club, Richard de La Chapelle, President of the club announced today. Mr. Schram will discuss "The Role of the New York Stock Exchange in the Post-War Period".

Steep Rock Mines Look Good

The 5½% debentures of '57 and capital stock (VTC's) of Steep Rock Iron Mines, Ltd., offer interesting possibilities, according to a memorandum prepared by Otis & Co., Terminal Tower, Cleveland, O. Copies of this memorandum may be obtained from the firm upon request.

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"Our Reporter On Governments"

By E. P. TEE

The dullness of the Government bond list in recent sessions gives evidence of developing into a continued stalemate for the next few weeks. The reasons are not hard to discern. . . . They are:

1. No particular urge exists on the part of buyers or sellers to do anything likely to change the present price level. . . . Switching around has ceased for the time and the savings banks and insurance companies have not as yet appeared with portfolio offerings to make room for their purchases of Fifth War Loan securities. . . . Indications are that most of these large investors will keep their high coupon and premium issues for another few weeks. . . . They feel that the market will be there when they are ready to act in clearing the decks for new drive securities. . . . In the meantime, the coupon income carry is too attractive to sacrifice at this early date. . . .

2. The market has no present leadership. . . . Normally the large New York banks provide this essential ingredient to market activity. . . . But they have no excess funds for investment, which means that the Federal Reserve banks must assume this role when conditions demand. . . . Their position as regards the market is exclusively that of a stabilizer. . . . With the market in balance of its own accord, the activities of the Open Market Committee during the past few weeks have been limited almost exclusively to bill purchases directly from those banks which are in need of reserves. . . .

3. The market has been waiting on invasion news. . . . This is perhaps the most important factor of all. . . . While Government bond dealers admit that their list is more immune to "jitters" than any other market, the impending assault on Fortress Europe has undeniably slowed up trading activity and caused potential buyers to hesitate. . . .

POSSIBLE FUTURE TRENDS

What will the Government list do once the invasion thrust starts? Well, of primary importance to Government bondholders is the fact that dealers are almost unanimous in the belief that no break in prices such as followed Pearl Harbor is likely to occur. . . . There has been too much advance talk about the invasion for one thing, so that the list is insulated to the main shock. . . . More important, the money market management is ready to give the list full support. . . . Fears respecting a sharp price break may be largely brushed aside, is the consensus of leading dealers. . . .

Opinion differs from that point on, however, with some people expecting nervous selling that may force prices down a few thirty-seconds. . . . But, and this is important, no penetration of the wartime interest rate pattern is looked for, even by the most pessimistic. . . .

Others anticipate that with the waiting period and its attendant uncertainties passed, the list might even show a slight uptrend. . . . They look for it to reflect psychological relief that we are at last swinging hard on the European front. . . .

QUICK SUCCESSES

Should we quickly establish strong beachheads, it is generally expected that a good rally in prices would get under way. . . . This would presage an earlier end to the war than most people have been schooling themselves to anticipate. . . .

The ending of the war to bank and insurance men means:

1. A sharp drop in deficit financing and the necessity of further large Treasury loans, and
2. Earlier revision downward of the excess profits taxes than now appears in prospect.

Therefore, dealers state that early success in the Continent will probably see some selling in the partially tax-exempts and buying of the taxable issues. . . . This can happen once we have "jumped the Channel" and long before ultimate victory is in sight. . . . It adds up to an earlier peace. . . .

The reasoning behind this opinion is that many holders will try to cash in on the handsome premiums now carried by the tax-exempts and replace these holdings with the taxables near par. . . . The lower coupon income on the taxables would more than offset the premium risk incidental to any impending change in the excess brackets. . . .

Should the invasion reveal that we have a long, tough fight ahead, dealers state that the effect of this realization on the market should be nil. It would put us exactly where we are today, except that we would then know that a hard war must be won. . . .

As the financial machinery is geared for a long struggle and since the present market has been conditioned to expect this, it is maintained that so far as the Government list is concerned, the only news out of the coming invasion likely to seriously influence prices is good news. . . .

FEDERAL RESERVE RATIO

Undue attention currently is being paid to the Federal Reserve Bank ratio, in the opinion of many bankers. . . . They believe that fears in some quarters concerning the probable effects of a further ratio decline on Government bond prices are not warranted. . . . The ratio stood at 60 last week, down 31 points since our entry into the war and 20 points above the legal minimum. . . .

Cause of the decline has been the steady increase in money in circulation (mostly Federal Reserve notes) and to a lesser degree, the loss of gold through foreign earmarking. . . . The declining ratio can be halted any time authorities see fit to act. . . . They have several strings in the bow, such as using the Stabilization Fund gold, issuing Federal Reserve Bank notes, issuing silver certificates, reducing reserve requirements or seeking Congressional change in the present figure. . . .

Federal Reserve Bank notes probably will be issued if the decline continues and authorities decide that some action is required. . . . But one thing is dead certain—no mathematical ratio is going to be permitted to interfere with the war financing or the smooth operation of the Government bond market.

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Sees Equity Bargains Non-Existent Before Long

Ambrose R. Clark of Ambrose R. Clark Co., 71 Broadway, New York City, makes the following comment regarding equity valules in a communication to a member of the "Chronicle" staff: "If only more intelligent discussions eventuated in the press we might get somewhere in our very over managed economy." "The trouble is," Mr. Clark continues, "everybody has so much to do and study they don't have much time left to secure a balanced judgment, the result is the rampant confusion which exists today. It is increasing and will continue to rise until after European invasion and until after the political conventions are held; then we shall begin to emerge from the fog of crushed private initiative and political dictatorships. Therefore, we firmly believe equity bargains will be non-esistant after the above events transpire. There is such huge hoards of idle cash piled up. Activity will run to volume and velocity as public confidence is gradually restored and the average person begins to have a clearer picture of the immediate future. I believe history will repeat and we are destined for a military President, the public is so fed up on New Deal, Old Deal politics, a clean slate evidently is wanted for Washington Government."

Pension Trust Advantages

A book on Pension Trusts is being distributed by The Connecticut Mutual Life Insurance Company, Hartford. This book covers such subjects as the advantages of a pension trust to both employer and employee, how to create a pension trust, legal requirements, and how to make it qualify for tax advantages. Copies may be had from Connecticut Mutual Life Insurance Co. upon request.

To Be Marks & Campbell

Effective today the firm name of Eric H. Marks & Co., 49 Wall Street, New York City, members of the New York Stock Exchange, will be changed to Marks & Campbell.

Halsey, Stuart & Co. Offers $14,000,000 Cudahy Bonds

A new issue of $14,000,000 first mortgage 3% bonds of the Cudahy Packing Co., Series B due in 1964, was offered April 26 at par and interest by an underwriting group headed by Halsey, Stuart & Co., Inc. Proceeds of the financing will be applied to the redemption of $17,182,500 of first mortgage 3¾s of the company, which also will borrow $3,500,000 on unsecured serial notes from banks in New York and Chicago to be applied to the retirement of $4,000,000 of 4% debentures.

Associated with Halsey, Stuart & Co. in the offering are Goldman, Sachs & Co., Central Republic Co., Inc.; Ladenburg, Thalmann & Co., F. S. Moseley & Co., A. G. Becker & Co., Inc.; Hallgarten & Co., Shields & Co., Blair & Co., Inc., Paine, Webber, Jackson & Curtis and William Blair & Co.

In the opinion of counsel, the new bonds will constitute a first lien on substantially all permanent physical propertly of the company, and there will be pledged as additional security substantially all outstanding shares of active subsidiaries. A sinking fund beginning in 1952 is designed to retire 42% of the bonds before maturity.

The financing will result in a reduction of more than $3,300,000 in funded debt and of more than $300,000 annually in maximum interest charges.

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C. L. Ebner, Jr., With Bateman, Eichler Co.

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—Charles L. Ebner, Jr., has become associated with Bateman, Eichler & Co., 453 South Spring St., members of the Los Angeles Stock Exchange. Mr. Ebner was formerly Manager of Protected Investors of America, San Francisco; prior thereto he was Los Angeles Manager for Hare's, Ltd., and was Manager of the Trading Department for Morrison Bond Co., Ltd., Fewel, Marache & Co. and Paul J. Marache & Co.

Vance, Sanders & Co. Is Formed In Boston

BOSTON, MASS.—The partnership of Vance, Sanders & Co., 111 Devonshire St., has been formed to succeed Massachusetts Distributors, Incorporated. Partners of the new firm are Henry T. Vance, David T. Sanders, Hatherly Foster, Jr., William F. Shelley, and Edward E. Hale, general partners; Margaret H. Traylor, Hovey E. Slayton, Jr., and Virginia S. Straw, limited partners.

The personnel of the firm will remain the same and representatives will be maintained in Chicago, Jersey City, and Los Angeles.

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The Commercial and FINANCIAL CHRONICLE

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olume 159 Number 4276 New York, N. Y., Thursday, April 27, 1944 Price 60 Cents a Copy

The Financial Situation

The "international monetary fund" idea, like a bad coin, ias turned up again. It is the "consensus of opinion of the xperts of the United and Associated Nations who have participated in these discussions [recently held in Washington] hat the most practical method of assuring international nonetary cooperation is through the establishment of" such a fund. To this pronouncement is added a set of principles "designed to constitute the basis for this fund." One is left o suppose that the "experts" have formulated the "principles" and agree among themselves about them, although a close reading of the official announcement discloses that nothing of the sort is said, and gives rise to some doubt as o whether it is in fact the case. Indeed, we suspect that the "experts" have in truth agreed upon very little.

"Experts"?

What is quite certain is that the mere fact of their agreement, whatever its nature or extent, means relatively little. It all depends upon who the "experts" are—or, perhaps, who it is that picks them and dubs them "experts." Readers of the "Chronicle" can scarcely fail to realize from the long series of discussions which have taken place in these columns that many who have at least as much right to be called "experts" as any of those in Washington entertain views which differ, often quite radically, from those embodied in the pronouncement now made public. It would be entirely possible to assemble a substantial number of people who might by many be considered "expert" who would agree to almost any scheme of this sort—we had almost said, provided it is wild enough.

The first suggestion we can make therefore is that the word "expert" be divested of its magic, and that this plan be considered on its merits precisely as it would be if it had been formulated, not by self-styled experts but by one of

(Continued on page 1740)

Morganthau Reports On Plans For International Monetary Fund

The reaching of agreement by technical experts of the United Nations upon "a set of basic principles for an International Monetary Fund" was made known by Secretary of the Treasury Morgenthau before a group of Senate and House Committees on April 21, at which time he made available a joint statement of technicians representing some 30 nations regarding the principles agreed upon. Mr. Morgenthau in his statement to the Congressional group noted that "the tentative proposals that have been under discussion by the technical experts are part of a program for cooperation on international economic problems among the United Nations," the objectives of which, he said, "are the expansion and development of international trade, the restoration of international investment for productive purposes, the maintenance of stable and orderly exchanges." He termed the establishment of an International Monetary Fund and a Bank for Reconstruction and Development as important steps in the attainment of the objectives of the program. It was also emphasized by Secretary Morgenthau that "the discussions up to now have all been of a technical nature and exploratory in character." The United States, he added, "is not in any way committed until Congress has taken action."

Sec. Morgenthau

A joint statement by the experts, also made public on April 21, recommends, it was explained by Mr. Morgenthau to the Congression group, "that all of the United and Associated Nations subscribe approximately $8,000,000,000 to the fund in the form of gold and local currency" to be available in helping member countries to maintain exchange stability and correct maladjustments in their balance of payments.

According to Mr. Morgenthau, "the par value of currencies of member countries would be expressed in gold and could be changed only at the request of member countries after consultation and approval of the Fund." Mr. Morgenthau also observed that the purposes set forth in the joint statement "have long been the international monetary policies of the United States." He

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The Way To Establish Prosperity Is To Produce More: William Green

AFL President Asserts Markets For The Produce Of Agriculture And Industry Must Be Maintained By Keeping The National Income And The Purchasing Power Of Our People At High Levels—Advocates Amending Social Security Act So That Disemployed War Workers And Demobilized Servicemen Can Derive Sufficient Income In Accordance With Their Family Responsibilities To Carry Them Over The Transition Period To The Time Jobs Will be Available For Them

William Green, President of the American Federation of Labor, in his address to the organization's Post-War Forum held at the Commodore Hotel, New York City, on April 12-13, expressed the opinion "that attempts to induce scarcity in order to wipe out surpluses, as followed by the Government during the pre-war days, was proceeding the wrong way."

William Green

"We know now," he stated, "that the only way to establish sound and continuous prosperity in our country is to produce more, not less, and to create wider markets for our production by more bountiful and effective distribution among the great masses of consumers."

Continuing his remarks, Mr. Green said: "This great truth has been recognized here by spokesmen for industry and agriculture, as well as of labor. The major functional groups of our domestic economy are in complete agreement. That agreement embraces these outstanding points:

"1. That full production is essential to the national well-being from every constructive, economic, political and social point of view.

"2. That maximum employment in productive jobs and services must be provided so that every American family can earn a good living and be able to consume the expanded output of our farms and factories.

"3. That free enterprise for industry, labor and agriculture must be assured in order to stimulate the greatest possible free and voluntary effort by all concerned for the realization of a progressively higher standard of American living.

"But we must remember that full production, maximum employment and the preservation of free enterprise must depend upon the structure of a balanced economy. The power to buy must always match and even exceed the power to produce. Markets for the produce of agriculture and industry must be maintained by keeping the national income and the purchasing power of our people at high levels. The whole program is interdependent.

"We offer this economic platform to the nation as the basis on which we can best proceed toward establishing and maintaining prosperity in America in the post-war period.

"Furthermore, labor, industry and agriculture are united not only in purpose but in a deep sense of responsibility for making good. We say to America: 'This is our job. We know how to do it. We are determined to do it. Give us the assignment.'

"We say to the Government: 'Give us a voice in the determination of policy. After all, we are the ones who will have to do the job. Do not tie us down with unnecessary and impractical restrictions on our free enterprise. Do not obstruct our know-how with unwise and bureaucratic regulations.'

"This is a point I want to emphasize as strongly as I can. The amazing production achievements of our war program were made possible to a large degree by the free and voluntary cooperation of the major functional groups—labor, industry and agriculture. We all enlisted for the duration. The results attest more eloquently than words to the value of this

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From Washington Ahead Of The News

By CARLISLE BARGERON

Mr. Roosevelt has definitely told a close friend, a Senator, that he feels it his duty to run again. There has never been a any doubt in our mind that this was his plan, but insofar as we know, it is the first definite knowledge of his having unqualifiedly told anybody of it. For some weeks, however, the word has been going out from his White House aides to State leaders, charged with the job of tying up delegates, giving them the green lignt to tie the delegates to Roosevelt.

However, there are two possibilities of the immediate future which might give the President pause. They would be the defeat of two of his most loyal Senate followers, Lister Hill of Alalbama and Claude Pepper of Florida. Both are up against two hot primary fights and both are so frightened that they are shouting for aid. The recent Supreme Court decision holding that Negroes could participate in Southern Democratic primaries has thrown the Southern States into political tumult. You can't help laughing over Claude Pepper's predicament. It is seldom that a more "advanced" political mind ever came out of the South. He tied up with the New Dealers at the outset; in fact, Jimmy Roosevelt and WPA helped elect him six years ago. So advanced was he in contrast with other Southern Senators that he sponsored the anti-poll tax bill which is a red flag to the South.

Now you ought to hear him. He excells Cotton Ed Smith of South Carolina, in shouting about "white supremacy." Here they are referring to him as Cotton Ed Pepper. Incidentally, it had looked as though the New Dealers might get the original Cotton Ed this time, after their unsuccessful effort to purge him six years ago. But the Supreme Court decision is considered as having saved him. "White supremacy" is Cotton Ed's main, mostly his only issue.

Out in North Dakota, a battle of the century is revolving around the New Dealers' efforts to eliminate Gerald Nye in the Republican Senatorial primary. Inasmuch as Nye would be the Chairman of Senate Appropriations Committee in a Republican controlled Senate, he is claiming that big Eastern money is being used against him to prevent North Dakota's Senator having such a powerful position. The New Dealers, mostly the CIO Political Action Committee, is supporting Congressman Burdick. The funny thing about it is that both were pre-Pearl Harbor isolationists. Burdick now claims he realizes he was wrong but that Nye won't

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Landon Supports Hull's Policies And Urges Closer Relations With Latin America

In an address commemorating Pan American Day at Kansas City, Mo., Alfred M. Landon, former Republican candidate for President, expressed general approval of Secretary of State Hull's principles as outlined in the latter's radio address on April 9. The Secretary's "greatest contribution towards a national policy," he stated, "was the recognition of the need of bringing bi-partisan committees of both houses of Congress into international post-war discussions." "There is no such thing as 'one world' politically," continued Mr. Landon. "There can be economically, if private enterprise is free to trade in all countries. Flourishing commerce and prosperity for all peoples means economic progress and hygienic progress. Only when a healthy competition between all peoples can be brought about can we have any semblance to world order or unity." He suggested that "both political parties reverse their tariff policies."

Alf M. Landon

Turning next to Latin American relations, Mr. Landon remarked:

"So far, our relations with our fellow Americans on this hemisphere have alternated between indifference or positive attempts in cultivations, lacking much semblance of the approach on which lasting friendships are based. Our recent sudden attempts at buying this friendship through the greatest money-spending splurge in all history are not successful. We cannot buy the respect and the liking of the other great nations on this hemisphere. We have got to be as understanding of their ways as they are of ours."

In order to cultivate knowledge of Latin America and its peoples, Mr. Landon pointed out the value of the study of Spanish and Portuguese, the distribution of published materials for use in the schools, and a greater amount of communication and travelling to and from Latin American countries. Movements along these lines have already heen inaugurated, and agencies of information, like the radio and press are giving more attention to Inter-American affairs. "Our industrialists are beginning to look south, and our airlines are leading the way in making better connections for us."

"If you ask me to interpret this—to say what is back of this awakening," continued Mr. Landon, "I would sum it up as the result of two problems and two opportunities.

"The first problem is that of establishing a truly sound policy towards Latin America—one based on interchange instead of spending or exploitation, on respect instead of condescension. Moreover, we and the Latin Americans want assurance that a sound policy once established shall continue. The only way to meet these needs, we believe, is to take over in our own region the management of our relations with Latin America and put them on the basis of personal acquaintance, friendship, and mutually beneficial economic relations.

"The second problem is that of lack of our knowledge about Latin America. As Americans are brought into contact with each other, we discover that the Latin Americans are educated, refined, and informed, and that our ignorance about them is appalling and embarrassing. Some of us do not know whether Honduras is in South America or Central America, whether they speak Spanish, French, or Portuguese in Brazil. Most of us are not aware that Latin America had recognized universities, a great literature, thriving cities, and leaders in science, long before we could boast of similar achievements, in fact, in some cases, before our ancestors had even put ashore in North America. Most of us do not even know the name of one great scholar of Latin America, and they have many such scholars who have long been recognized in Spain, Portugal, France, and Germany. As long as this state of affairs continues, little wonder our neighbors would rather fraternize with people from Europe instead of with us.

"If we are to win the respect of our good friends to the south, we must overcome this great handicap. Therefore, we must devote ourselves to intensive study of Latin American geography, history, literature, and languages, and we are now rising to meet this problem.'

King Appointed Aide To Col. Johnson Of ODT

The appointment of Homer C. King, Director of the Bureau of Service of the Interstate Commerce Commission, as Executive Assistant to Col. J. Monroe Johnson, Director of the Office of Defense Transportation, was announced by Col. Johnson on April 10.

It is announced that Mr. King, has had extensive transportation experience. In his youth he worked as a railroader in New Mexico and served for 18 months in France during the last war with the 21st (Railroad) Engineers. After the war, he returned for a time to railroad work and in 1922 became associated with the Interstate Commerce Commission. He joined the staff of the Bureau of Service, ICC, in 1931 and became director of the bureau in 1938. Mr. King lived in Georgia for some time and has been a member of the Georgia bar since 1926. In 1935 he was admitted to practice before the U. S. Supreme Court. As Director of the Bureau of Service, Mr. King has worked with Col. Johnson in administering the Interstate Commerce Commission's wartime transportation measures.

Mr. King, as executive assistant, and Joseph L. White, who continues as executive officer of the ODT, will both be closely associated with Col. Johnson in shaping the future policies of the agency.

Private UNRRA Donations Are Deductible From Tax

Commisioner of Internal Revenue Joseph D. Nunan, Jr., stated on April 18, in response to numerous inquiries, that private donations to the United Nations Relief and Rehabilitation Administration are eligible for income tax deductions as charitable contributions. The Treasury Department in announcing this, also stated:

"Mr. Nunan said he has been advised by UNRRA that it is authorized to supplement with contributions from private sources the funds appropriated by the Allied Governments for the world-wide relief activities of the organization."

Unemployment Benefits For N. Y. State Veterans

New York State veterans who have served at least 90 consecutive days may qualify for unemployment benefits if they are able to work and unable to obtain employment, according to the recently enacted veteran's unemployment benefit law which applies to all men and women released from active duty in the United States armed forces on or after Dec. 7, 1941.

According to Milton O. Loysen, Executive Director of the Division of Placement and Unemployment Insurance of the State Department of Labor, "eligibility requirements specify that claimants must have actually resided in this State for at least 90 consecutive days immediately prior to induction must now live here and be looking for work here, must not be entitled to a Federal total disability allowance or unemployment benefits from another State, and must be ready, willing and able to work, but unable to obtain a job," Mr. Loysen added.

"Such persons may qualify for a maximum of 20 benefit payments of $18 each, regardless of their earnings before entering service. Heretofore only veterans who earned sufficient wages in employment covered by the Unemployment Insurance Law prior to induction could quality, and their benefit rate might have been as low as $10, depending on their previous wages. Now all eligible veterans will be given the $18 maximum rate.

"Like all other claimants, veterans must serve the usual waiting period of eight effective days in not less than two weeks and report to their local employment and insurance offices as instructed. No veteran can collect more than $360 in payments in a benefit year.

"Receipt of mustering-out pay up to $300 does not affect the amount of unemployment benefits to which a veteran is entitled. If, however, such pay should be increased by future Federal legislation to a sum above $300, corresponding deductions will be made from the maximum amount of benefits of $360, otherwise payable in any benefit year.

"Totally disabled veterans receiving Federal total disability allowances cannot qualify for benefits under the new provisions. Those who are partially disabled may qualify for the difference between their Federal allowance and the $18 benefit rate, if they are available for jobs. Veterans who do not qualify under these new provisions may be able to qualify under an amendment which was enacted two years ago 'freezing' the rights of all servicemen and women. Generally speaking, under this measure, if a persons was eligible for benefits when he entered service he will be eligible to receive between $10 and $18 per payment when he is discharged."

Application for benefits should be made at the field offices of the Division of Placement and Unemployment Insurance in the various cities throughout the State. The cost of this program will be defrayed jointly by the State's general fund and the Unemployment Insurance Fund. Payments based on veterans' prior earnings in covered employment will, generally speaking, be charged to the latter and those to veterans with insufficient or no previous earnings to the former.

The program is designed to run through June 3, 1945, the end of the 1944-1945 benefit year. However, it will be immediately terminated if and when Federal legislation provides for unemployment benefits to veterans.

Seven Goals To Seek

Roger W. Babson Discusses National Debt

BABSON PARK, MASS.—The U. S. is probably headed for $300,000,000,000 debt which no one likes to think of. Yet, at 2½% interest this is not so bad **if it can gradually be reduced.** This interest all paid to the people of our country. None of it leaves the U. S. A. O every dollar received by us as interest, a certain proportion must b returned to the government as taxes. Hence, in a way, the debt will b self-liquidating as well as a business stabilizer. Every cloud has a silver lining.

Roger W. Babson

Stop Further Post - War Borrowing

On the other hand, we must not be too free with our money. We cannot expect to put the whole world on a New Deal. If the New Deal could not stand on its own feet here in this country, so we could not pay for it except with borrowed money, what can we do for the whole world? We are not justified in borrowing money to support millions in depressed countries with nothing back of them in industrial or farming facilities. Let us be generous with such money as we have, but not go into more debt to give away more money.

Also remember that if our cost of producing goods, including farm products, continues to increase, this will harm our American workers and farmers who are the backbone of our nation. It stands to reason that we cannot keep our social gains if we try to save the rest of the world by letting them send in their cheap goods that are made with cheap labor. If we do let in these cheap goods, millions of American workers are going to be out of jobs. Then our War Bonds could be a burden.

The Real Solution

After the Peace Makers get under way with their trade agreements, international bank, etc. and when unemployment is rampant because of foreign competition, and after the borrowing comes to an end, what will happen? I assume that then the New Dealers will want to start new government WPA projects to provide housing, clothing and goods for these idle workers. Yet, there is no need for this.

The alternative is to keep the cost of goods down so as to be able to meet competition during the years ahead. What is the sense of now building our costs sky-high when we know they must tumble after the War. In the meantime, the ultimate consumer will pay the bill. This will happen in spite of any labor or other organizations. Only wise investors and those engaged in active business can pass these costs along.

Things To Remember

To win the battle of production is the supreme task today of both employers and wage workers. Private enterprise must prove its real usefulness to the country at this time of crisis and demonstrate its right to survive. It is the responsibility of all groups to produce the best possible product in quantities as large as needed at the lowest possible cost consistent with fair wages and a fair return on money invested.

America needs a national philosophy of teamwork. For business this means teamwork within each concern and teamwork with labor, competitors, the public and the Government. Though alien armies may be conquered, alien philosophies can still overrun the land. Industry is one of the first targets. The true battle line is between patriotic elemen in management and labor on th one hand, and the self-seekin elements on the other.

Seven Postwar Goals

1. Industry should give as muc thought to building men as producing materials. The explo tation of human beings is the ce tain road to revolution. Industr must win the battle against fea hate and greed. As America ha found the power to harness th forces of **physical** nature, so must now learn how to harne the forces of **human** nature. Th is God's plan for a better worl

2. We all should cease talkin about the abundant life and agai teach that life is struggle. Home schools and colleges should onc more put the emphasis on sacr fice, training and the good of al But all must be given more equa opportunities, irrespective c color or creed.

3. Fewer laws should be enacted but greater emphasis will b put upon law enforcement. Accompanied with this there shoul be a movement to let natural la work more freely. There will b fewer subsidies to unfortunat farmers, inefficient manufacturers and independent merchant There, however, will be a recognition that the safety of the nations depend upon prohibitin certain commercialized evils.

4. Big cities should be decentralized. This is the only know protection against bombing plane as well as against social hazard This may be accomplished b some method of taxation that wi encourage more people to live i the rural sections.

5. Voting some day should b restricted. Because one is of age he is not necessarily entitled t vote irrespective of character, intelligence or record. This doe not mean that one must ow property in order to vote; but i does mean that prospective voter should successfully pass certai fair tests to eliminate the unworthy.

6. Religion must again becom a part of the nation's educationa system. The Church, however will be stripped of its superstitions, dogmatism and busines enterprises. Churches are due fo a rude awakening, severe taxatio and a general purging; but th Church will come out of this mor useful than ever.

7. Finally, biology and the importance of BLOOD and SOI should be given greater consideration. Those who breed and bes train the most children will ultimately control. In the meantime the autocratic countries will hav become more democratic; whil the democratic countries wil have become more totalitarian.

Women's Party Requests FDR TO Back "Equal Rights"

On April 15 the National Council of the National Women's Party adopted a resolution calling on President Roosevelt to use his efforts, toward bringing about the adoption of the proposed equal rights constitutional amendment. The resolution also requested the President to receive a delegation from the 27 National Women's Organizations supporting this measure.

At the April 16 session of the Council, Mrs. Ralph E. Hayden, of Iowa, Senator Guy M. Gillette of Iowa and Mrs. Hattie Caraway were scheduled to speak.

A Timely Warning

"Yes, the same forces who carried America down the road to communism prior to the present world war are active today. They have no intention of abdicating. You cannot change their minds or their philosophy.

"I warn you that those who used the power of bureaucratic patronage, financed by the American taxpayers, to the tune of building a national debt which in all its phases amounted to approximately $60,000,000,000 before we ever entered the war, intend when this war is over to go forward and complete their original plans.

"I warn you that the soothing voice of Jacob, who preaches to you the philosophy of social security from the cradle to the grave and freedom from fear right up to the Pearly Gates, is backed up by the hand of Esau busily engaged in picking the pockets of the American taxpayers and mortgaging the oncoming generations of American citizens.

"I warn you that there is only one hope of maintaining America for Americans, of maintaining a government by law instead of a government by edicts, directives and executive orders, and that is for the great rank and file of the people of America to again declare in ringing terms that philosophy of government announced by Gen. Sam Houston when he said: 'Our only ambition is to obtain and maintain liberty.' "—Senator W. Lee O'Daniel.

This is excellent advice. We cannot afford to "forget" such matters "for the duration" because the schemers will not.

The State Of Trade

Post-war planning again enjoyed a fair share of the news last week and obscured to a degree the more prosaic activities of trade and industry. Of particular interest was the monetary plan of treasury experts of 34 nations and the announcement of their agreement in broad outlines, for a proposed $8,000,000,000 gold-based stabilization fund designed to place international finance on a firm basis and promote world trade and prosperity.

The agreement was looked upon as a clear-cut American victory over British proposals to relegate gold to a minor role in post-war currency stabilization.

One other bit of news, this of comfort to small business, was the statement by Maury Maverick, head of the Smaller War Plants Corp., in which he contended before a Senate Military subcommittee considering war contract termination and reconversion the past week, that a policy of enforcing war controls and restrictions until such time as big and small business can reenter civilian production simultaneously, would point the road to ruin of small business in this country. As for the week's activity on the industrial front, steel production was well maintained and established a new high record in the U. S., with improvement also noted in soft coal production, carloadings, retail trade and commodity prices. Electric output, while lower the past week, reflected a gain over last year.

In the field of electric production, results reveal that output of electricity dropped to approximately 4,307,498,000 kwh. in the week ended April 15 from 4,361,094,000 kwh. in the preceding week, as reported by the Edison Electric Institute. The latest figures, notwithstanding the decline from the previous week, represent a gain of 10% over one year ago, when output reached 3,916,794,000 kwh. Consolidated Edison Co. of New York reports system output of 197,900,000 kwh. in the week ended April 16, and compares with 178,100,000 kwh. for the corresponding week of 1943, or an increase of 11.1%.

Operations of steel mills last week were well maintained, and fears in some quarters of a shortage of scrap metal in the months ahead are not being borne out by current indications, since the present supply of the metal is sufficient, with no evidence of a crisis in the offing. The Pacific Coast enjoys a surplus, and this reservoir can be utilized in the event of pressing needs in the Middle West; further shipments from that source are in the plans, says "Steel." Expectations of an increased supply of steel immediately available for civilian purposes are not well founded, in view of current conditions, and until the pattern of requirements after the invasion of Europe becomes well defined, the likelihood of war needs diminishing on a scale sufficient to release steel for civilian production seems remote, says "Steel." Capacity of the mills is being strained to the utmost, and with practically one-third of the year behind us, orders for flat-rolled steel "cover nearly all capacity almost to the end of the year, and in other products, bars, wire and the like, backlogs are being increased," according to the magazine.

"Due to the fluidity of war requirements emphasis on various products is shifting constantly. At the same time Washington is disposed to use directives only as a last resort. Every pressure is being put on contractors and subcontractors to exhaust all possible sources of supply, surplus steel and warehouses, before directives are allowed. Nevertheless, many directives are found necessary to obtain wanted delivery, resulting in considerable rescheduling and confusion.

"In advance of the actual invasion, military procurement agencies are preparing for all possible contingencies and are building up supplies at top speed. Promptness or delay in establishing a foothold in Europe will affect the nature of further needs of the armed forces and have a strong effect on demand for various types of steel," states "Steel."

As for the rate of steel production, the American Iron and Steel Institute places scheduled output for the week beginning April 24 at 100% of rated capacity, equivalent to 1,791,300 tons of steel ingots and castings, a new high in the U. S. for the second successive week. This compares with operations at the rate of 99.5%, and output of 1,782,300 tons a week ago. For the week beginning April 24, last year, steel output totaled 1,731,700 tons, and the rate was at 100% of capacity.

Carloadings of revenue freight for the week ended April 15 totaled 799,965 cars, the Association of American Railroads announced. This was an increase of 10,641 cars, or 1.3% above the preceding week this year, and an increase of 19,057 cars, or 2.4% above the corresponding week of 1943. However, in a comparison with a similar period in 1942, a decrease of 46,540 cars, or 5.5%, is shown.

Air transportation is assuming an increasing share of passenger travel, mail and freight, these days when speed is so essential. The Air Transport Association of America, touching upon this type of transportation service, reported that the domestic airlines flew 468,500,000 revenue passenger miles during the first three months of this year, a rise of 40% above the 331,273,000 for the 1943 quarter. Mail carried during the period exceeded 36,000,000 pounds against 23,618,983 pounds a year ago, with mail-pound miles up to 22,500,000,000 compared with 15,058,722,057 last year. Express poundage was up 51% to 19,500,000, and express-pound mileage rose more than 40% to 9,500,000,000.

Production of bituminous coal for the year continues to exceed 1943 tonnage to date, although output for the week ended April 15 declined 270,000 tons from the preceding week and was below the comparable period of a year ago as well, the National Coal Association reported. From incomplete car loadings reports, the Association places production in the United States for the week ended April 15 at approximately 11,750,000 net tons, against 11,818,000 tons for the corresponding week of last year. Only twice in the last six weeks has bituminous coal output run above the 12,000,000-ton mark. For the year Jan. 1 through April 15, production stood at 186,252,000 tons, and compares with 181,571,000 tons last year. As reported by the Solid Fuels Administration for War, production of bituminous coal for the week ended April 15 was estimated at 11,730,000 net tons, or a decrease of 290,000 tons, or 2.4% below the previous week.

Paper output for the week ended April 15 was equal to 85% of capacity, against a revised figure of 88.2% in the preceding week and 89.3% for the week ended April 17, 1943, the American Paper & Pulp Association's index of mill activity indicates. As for paperboard, production for the same period was reported at 92% of capacity, against 94% in the preceding week.

On Saturday of last week the SEC disclosed in its comprehensive study of profits and operations of more than 1,000 listed American corporations that such concerns, while they more than doubled their receipts in 1942 as compared with 1936, were able to retain little more than half as much of each dollar of income in 1942 as was possible six years ago. The burden of greatly increased taxes and higher production costs was reflected in the grand total of 75 manufacturing groups, embracing 872 listed corporations in 1936 and 1,086 in 1942. For the 872 corporations listed in 1936, net sales aggregated $24,885,023,000. Out of this sum they were able to retain, as a final net profit after all charges and taxes, $2,285,625,000, or 9.2 cents on the dollar. By 1942 net sales expanded to $55,567,263,000, of which amount the 1,086 companies listed at that time were able to keep $2,676,239,000, or less than $400,000,000 more than in 1936. The foregoing represented 4.8 cents on the dollar, or little more than half the final net of 1936.

Revealing the great effect of war taxes on profits, the study shows that in 1936 net profit before income taxes of the 872 listed companies was $2,726,858,000, or 11% of net sales, while the net after income taxes for that year was $2,285,625,000, placing income taxes at about $441,000,000. For 1942 net income of the 1,086 corporations before income taxes was $7,405,660,000, or 13.3% of net sales. This compared with a net of $2,676,239,000 after income taxes, or 4.8% of net sales. The basis for the foregoing conclusions reached by the study were from documents filed by the companies with the Commission.

Instalment buying, which prior to the war has been a major factor of American retail business, was given consideration in post-war planning on Monday of this week by the National Retail Dry Goods Association at its third war-time conference. J. Gordon Dakins, Manager of its credit division, predicted that a substantial part of the probable increase in civilian production and consumer purchasing during the current year will be represented by instalment sales. A moderate increase in the volume of consumer credit is looked for in the current year despite the restraining influences of Government regulation. Citing the decline in consumer credit by 51% since September, 1941, Mr. Dakins stated that this reduction was not chiefly due to Regulation W, but rather to a decline in the supply of consumer durable goods available and to the enlarged consumer incomes which have permitted a rapid reduction of debts previously incurred. Revealing the marked decline in instalment sale credit, he pointed out that this type of credit decreased by 82%, or $3,300,000,000, since the fall of 1941, while charge account credit dropped only 28%, or $494,000,000. Reviewing the prospects of such credit in the post-war period, he noted that a nation-wide survey by the U. S. Chamber of Commerce, indicating a $20,000,000,000 market for consumer goods in the first six months after the war, does not indicate that "most people are counting on buying these things for cash." The survey, according to Mr. Dakin, indicates that "the American habit of instalment buying will play a major part in post-war consumer buying."

Activity marked the trend of retail trade in New York City the past week. Sales compared favorably with the post-Easter trade of a year ago and, according to the Federal Reserve index, sales for the week declined by 11% over the same period of last year, which happened to be a pre-Easter week. For the four weeks ending April 15 they were up by 17%, and for the year to April 15 they were better by 5%. In the seasonal accessories line such as handbags and jewelry, consumer demand was heavy, suffering little if any from the imposition of new excise taxes. Signs were in evidence of retailers in the wholesale markets looking for staple fall goods for early fall disposal. In the shoe market buyers eagerly sought out available stocks of summer and fall shoes, while coat and suit manufacturers were getting their lines in order for the new season which opens early in May.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index, dipped 11% for the week ended April 15, compared with the same week a year ago, which, it should be noted, was a pre-Easter week, while sales for the four weeks' period ended April 15 advanced 15% compared with a like period last year, and by 5% for the year to April 15 over a similar period in 1943.

As for commodity prices, the trend veered slightly upward for the week ending April 15, as noted by the Bureau of Labor Statistics' index of commodity prices in primary markets, the increase was placed at 1%. Higher prices for farm products, with emphasis on hogs, eggs and citrus fruits, were responsible for the rise. The increase brought the Bureau's all-commodity index to 103.8% of the 1926 average.

N. J. Savings Banks Members Of FDIC

All New Jersey savings banks are now members of the Federal Deposit Insurance Corporation, it was indicated in the Newark "Evening News" of April 12 which stated that there are 22 mutual savings banks and one that is a stock company. Deposits in all these banks to $5,000 are fully insured, and it was added:

This announcement was made today by Leo T. Crowley, President of FDIC, and Eugene E. Agger, State Commissioner of Banking and Insurance. They disclosed that nine mutual banks had just been admitted to the system. The others had been admitted previously. Commissioner Agger said the new admissions will add about $200,000,000 to the resources of the insured banking institutions of the State.

The newly admitted banks are: Howard Savings Institution, Newark; Franklin Savings Institution, Newark; Dime Savings Institution, Newark; Bloomfield Savings Institution; Orange Savings Bank; Half Dime Savings Bank, Orange; Montclair Savings Bank; Morris County Savings Bank, Morristown, and Plainfield Savings Bank.

The Newark "News" further said:

The other mutual banks and the stock organization, the Paterson Savings Institution, have been for some time members of the insurance corporation. The Paterson Savings has resources of more than $35,000,000.

The total assets of the mutual savings banks is about $352,000,000 and they have deposits of about $322,000,000, the highest in the State records.

The statement given today said negotiations for the insurance of all the institutions began several months ago after a program for insurance of the savings banks of New York was completed by the new Superintendent of Banks, Elliott V. Bell, an appointee of Governor Dewey.

Commissioner Agger today said the initiative in New Jersey toward extension of the insurance was taken by the nine banks that had not been members of the system. He said many of the banks are in the best financial position since their establishment. They have disposed of much real estate and other slow assets.

N. Y. State Employees Are "Frozen" In Jobs

Governor Thomas E. Dewey issued an order on April 18 "freezing" the State's approximately 45,000 employees in their jobs, it was reported in a press dispatch from Albany to the New York "Herald Tribune" of the following day. The order placed all employees under the regulations of the Federal War Manpower Commission and notice to that effect was served on all departments and agencies of the State by J. Edward Conway, President of the State Civil Service Commission. The notice also observed that other employers may not hire state employees unless they have been properly released.

It was explained the notice meant that state employees who leave their jobs without permission of the Civil Service Commission are barred from other employment for 60 days, and that the state cannot hire new help without a release from the other employers.

The Financial Situation

(Continued from first page)

those publicists who preface pontifical pronouncements with a statement that the speaker knows nothing about his subject. Nor should the plea of Secretary of State Hull for this, or some similar arrangement to take effect prior to the end of the war, lead any one to deal differently with the subject. With all due respect to the Secretary, he can scarcely be regarded as an authority on the subject, or could be expected to be. Precisely why such a rather strange—and hurried—endorsement of the scheme should have issued from the State Department is not easy to understand. The American people could in this matter take a leaf from the notebook of the British Parliament, which even before the substance of the proposals had become known, insisted upon being assured that the British Government had not been committed to anything. Now, what is such a fund supposed to do? Let the experts answer:

> The fund will be guided in all its decisions by the purposes and policies set forth below:
>
> 1. To promote international monetary cooperation through a permanent institution which provides the machinery for consultation on international monetary problems.
> 2. To facilitate the expansion and balanced growth of international trade and to contribute in this way to the maintenance of a high level of employment and real income, which must be a primary objective of economic policy.
> 3. To give confidence to member countries by making the fund's resources available to them under adaquate safeguards, thus giving members time to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.
> 4. To promote exchange stability, to maintain orderly exchange arrangements among member countries and to avoid competitive exchange depreciation.
> 5. To assist in the establishment of multilateral payments facilities on current transactions among member countries and in the elimination of foreign exchange restrictions which hamper the growth of world trade.
> 6. To shorten the periods and lessen the degree of disequilibrium in the international balance of payments of member countries.

Now, may it not be that the broad objectives listed here would be best promoted if these experts were to go home and set themselves to work on some other task? There are a good many whose opinions are worthy of the utmost respect who believe such to be the case. We are, of course, well aware of all that has of late years been said of the "planlessness" of the system of free enterprise, and of what we have heretofore supposed to be economic and political freedom. We know full well that there are many who suppose that any system which is planless is indefensible. It is evident to us, as well as to many others, that this kind of loose talk has been going on for so long, and been sponsored, if not engaged in, by so many with wide influence over the rank and file that it appears but little short of treason to express doubt of the "necessity" of "purposive" or "collective" planning or action in the sphere of economics, or kindred realms. Yet we doubt the validity of all this reasoning, and find in the present set of proposals about international financial relations an excellent illustration of the causes of these doubts.

Central Purposes

The central purpose of this ambitious scheme is set forth in the second paragraph above, i.e., "to facilitate the expansion and balanced growth of international trade and to contribute in this way to the maintenance of a high level of employment and real income." Now we submit that "balanced growth of international trade," and all the blessings that accompany it are best sought, or, at least, most effectively attained, when each country seeks to obtain from any or all other countries no more goods and services than it is able to pay for either in current goods or services rendered, or else in other forms such, for example, as promises to pay in the future or title to property which are really worth in the ordinary everyday business sense of the term what is paid for them. In the same sense and for the same reason, these ends are best furthered when each nation carefully refrains from encouraging or stimulating export markets for its goods and services by "lending" operations which have no basis in prudent business or finance.

How Sound Trade Is Promoted

In fine, sound international financial relations and the growth of enduring international trade have their roots, not so much in clever or intricate banking machinery or the like, as in careful, prudent and vigorous management of domestic affairs, and a willingness to trade, when it is advantageous to do so, expecting neither to sell without buying nor to buy without selling. Of course, granted vigorous and varied productivity in the various countries of the earth, and a willingness to trade, each for his own benefit, international financial machinery is needed as a facility of trade—but it largely exists, and what is further needed will without doubt arise to meet established needs of the economic system of the world if given a reasonable opportunity. The important thing is, however, that it arise in response to need, and that it remain a hand-maid of commerce—not an instrument by means of which political wiseacres undertake to manage the affairs of the world.

For our part, we find such international monetary schemes as this much too well suited to the latter purpose. We are far from certain that they would not quickly develop into instruments to aid in a worldwide extension of New Deal and other similar theories of "expansionist" economics, in which not the profligate, but the prudent nation would be called upon to equilibrate an unbalanced economic situation by adopting the policies which, when practiced by other nations, had in the first place caused the trouble complained of. We hope it is true, as is being said, that the whole matter is likely presently to be put away in moth balls for resurrection only if needed for political purposes.

Ton-Miles Of Revenue Freight Up Only 2.1%

The volume of freight traffic handled by Class I railroads in March 1944, exceeded the same month last year by approximately 2.1% the Asociation of American Railroads announced on April 22. Freight traffic, measured in ton-miles, amounted to approximately 62,500,000,000 ton-miles, according to preliminary estimates based on reports just received by the Association from Class I railroads.

The Class I railroads in the first three months of 1944 performed approximately 6.8% more revenue ton-miles of service than in the same period of 1943, 38% more than in the same period of 1942, and 192% more than in the first three months of 1939.

The following table summarizes ton-mile statistics for the first three months of 1944 and 1943 (000 omitted):

	1944	1943	%
Mo. of Jan....	60,487,994	55,134,789	9.7
Mo. of Feb....	*59,400,000	54,419,933	9.2
Mo. of Mar....	†62,500,000	61,220,266	2.1
1st 3 mos...	182,387,994	170,774,988	6.8

*Revised estimate. †Preliminary estimate.

Living Costs Down In Mar.

The cost of living for wage earners and lower-salaried clerical workers in March declined in 35 of 63 industrial cities surveyed by the National Industrial Conference Board. Living costs were higher in 22 of the cities, and remained unchanged in 6 of them. The Board's report, made public on April 20, also said:

"The largest decline, 1.0%, occurred in Atlanta and Bridgeport. Nowhere else was the decline as great as 1.0%. The largest increase, 1.9%, occurred in Toledo. In two other cities, Philadelphia and San Francisco-Oakland, the increase was more than 1.0%. For the United States as a whole, the cost of living was unchanged.

"Living costs were higher this March than in March, 1943, in 39 cities. Denver recorded the largest increase during the twelve-month period with an advance of 3.6%. Twenty-three cities showed declines while one other showed no change. The cost of living for the United States as a whole stands 0.4% higher than a year ago, and 20.2% above January, 1941.

Worst Of Labor Stringencies Behind Us; No Need For Nat'l Service Laws, Says Ayre

The view that "it seems increasingly clear that we are now to far along in the war emergency to warrant the enactment of nationa service legislation," is expressed by Brig. Gen. Leonard P. Ayre Vice-President of the Cleveland Trust Co., who, in the company "Business Bulletin," April 15, states that "probably it will prove t be true that the peak of industrial production in this war perio was reached last October, and that the worst of our labor stringencies are behind us." According to Gen. Ayres, "the most disquieting condition in the labor situation is that the number of women workers has decreased in each month since last July." Further comments by Gen. Ayres on employment and the "manpower crisis" follow:

"Something like a manpower crisis has developed since decision was reached at Washington to call up for military service large numbers of young men who had been deferred. Representatives of many industries have issued statements claiming that the taking of their young employees would have disastrous results in curtailing production, and some have gone so far as to claim that they would have to shut down their establishments if those young men were taken. As a result of such claims and protests there has been much renewed discussion in the Congress about the need for enacting some form of national service legislation applying to civilian workers.

"No doubt many employers will be genuinely inconvenienced by losing some of their young men, and there will be some cases in which industrial and agricultural production will be adversely affected by such losses of employees. Nevertheless it does appear that this latest manpower crisis is largely verbal, and almost surely less serious than it is claimed to be. The number of employed civilian workers in February was 50.2 millions, and that was a million and a half fewer than the number at work in February of last year. That is an important shrinkage, but on further study the conditions appear to be less serious than those figures indicate.

"Employment in the manufacturing industries is declining, and it was nearly half a million less in January than it was last November. The rate of lay-offs among factory workers in December was not only higher than in any previous month of last year, but it was over 50% above the average rate of the previous 11 months. Moreover, the voluntary quit rate was much lower than in any previous month of 1943. Sharply decreased quit rates are good indicators that workers are holding on to their jobs with increased tenacity because they feel decreased confidence in their ability to find other jobs easily."

Cotton Spinning For March

The Bureau of the Census announced on April 19 that according to preliminary figures, 23,320,494 cotton spinning spindles were in place in the United States on March 31, 1944 of which 22,568,308 were operated at some time during the month, compared with 22,513,300 for February, 22,217,994 for January, 22,596,322 for December, 22,623,406 for November, 22,599,426 for October, and 22,924,634 for March, 1943. The aggregate number of active spindle hours reported for the month was 10,467,478,351. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during March 1944 at 122.0% capacity. This percentage compares, on the same basis, with 123.3 for February, 124.0 for January, 115.3 for December, 125.3 for November, 129.5 for October, and 134.4 for March 1943. The average number of active spindle hours per spindle in place for the month was 449.

Results Of Treasury Bill Offering

The Secretary of the Treasur announced on April 25 that th tenders for $1,000,000,000, o thereabouts, of 91-day Treasur bills to be dated April 27 and t mature July 27, 1944, which wer offered on April 21, were opene at the Federal Reserve Banks o April 24.

The details of this issue are a follows:

Total applied for, $2,128,761,00

Total accepted, $1,013,541,00 (includes $54,233,000 entered on fixed-price basis at 99.905 an accepted in full).

Average price, 99.905 equiva lent rate of discount approxi mately 0.375% per annum.

Range of accepted competitiv bids:

High, 99.910, equivalent rate o discount approximately 0.356% per annum.

Low, 99.905, equivalent rate o discount approximately 0.376% per annum.

(37% of the amount bid for a the low price was accepted.)

There was a maturity of a similar issue of bills on April 27 i the amount of $1,016,925,000.

Mtge. Loans Increase Reported By Illinois & Wis. Savings Ass'ns

Despite the largest repayments ahead of schedule which home borrowers have achieved since mortgage lenders can remember the Illinois and Wisconsin savings building and loan associations closed the year with a 4% increase for the last six months of 1943 in their volume of mortgage loans outstanding. This surprising evidence of heavy new borrowings for property ownership was reported on April 1 by A. R. Gardner, President of the Federal Home Loan Bank of Chicago. It was based on year-end reports just assembled from the 295 insured institutions in the district. The announcement from the Bank adds:

"The heavier demand for loans has been sustained into 1944. The Bank President pointed to January and February new home mortgages recorded in Cook and Milwaukee Counties 52% greater in volume than for the same months last year.

"Ten associations increased their total mortgage loans outstanding by more than a quarter of a million dollars for the last half of 1943, and two had net increases of more than $1,000,000. As of Dec. 31, the insured associations held $308,993,434 in mortgage loans, a net increase of $11,160,332. The lending during the first two months of 1944 by all savings and loan associations in the two metropolitan areas in the district amounted to $12,042,794, which was 37% of the total amount lent by all sources of mortgage money during the period."

Mr. Gardner said that the current lending experience of sources other than the savings and loan associations also bears out the fact that there is a heavy increase over last year.

South Carolina Repeals Primary Laws To Prevent Negroes From Voting In Primaries

With a view to preventing Negroes from voting in the Democratic primaries, a special session of the South Carolina General Assembly, passed on April 17, hundreds of bills repealing primary aws on the state books. In making this known, Associated Press dvices from Columbia, S. C., on April 17 added:

"The session was called by Gov. Olin B. Johnston, at the request f party officials, after the Supreme Court of the United States uled recently that Negroes could vote in the Texas primaries, which were similar to South Carolina's.

"The Democratic primary in South Carolina, a one-party State, s equivalent to the election.

"The legislation ground out by he session was designed to preclude any legal action to permit Negroes to vote in the primaries. t will permit political parties to make their own rules governing primaries."

On April 20 Attorney General Grover Sellers of Texas asked the U. S. Supreme Court to set aside ts April 3 ruling opening State Democratic primary elections to Negroes and asked permission to argue personally the rehearing request.

The Associated Press in Austin, Texas advices, April 20, added:

The motion argued against the opinion, which held that "the great privilege of choosing his rulers may not be denied a man by the State because of his color."

"Despite the seeming unpopularity of its philosophy among certain strata of our Government, the State of Texas continues to adhere to the fundamental American principle that elections are conducted not for the purpose of choosing 'rulers' but for the purpose of electing public servants,'" said the motion.

Under State laws the Democratic party may prescribe the qualifications of its members.

The ruling of the U. S. Supreme Court according Negoes the right to vote in Texas Democratic party primaries, was hended down on April 3, in an 8-to-1 decision delivered by Justice Reed. Justice Roberts dissented. The Court in its conclusions reversed its position of nine years ago. Stating that the decision has far-reaching implications in Southern States where victory in a Democratic party primary is usually equivalent to an election, Associated Press advices from Washington on April 3, as given in the New York "Sun," also had thefollowing to say:

"The extent to which the decision would apply apparently would be guided by these words of the Court:

"when primaries become a part of the machinery for choosing officials, State and national, as they have here, the same tests to determine the character of discrimination or abridgement should be applied to the primary as are applied to the general election."

"The Court, nothing its change of view, declared that 'when convinced of former error, this Court has never felt constrained to follow precedent.'

"Justice Roberts said the Court was overturning previous rulings so fast that a high court decision fell into the same class with a restricted railroad ticket, 'good for this day and train only.'

"He said that earlier in this term of Court he had protected 'the present policy of the Court freely to disregard decisions and to override considered decisions and the rules of law announced in them.'

"'This tendency,' he commented today, 'it seems to me, indicates an intolerance for what those who have composed this Court in the past have conscientiously and deliberately concluded, and involves an assumption that knowledge and wisdom reside in us which was denied to our predecessors.'

"The majority opinion states that 'the right to vote in such a primary for the nomination of candidates without discrimination by the State, like the right to vote in a general election, is a right secured by the Constitution.

"'By the terms of the 18th Amendment that right may not be abridged by any State on account of race. Under our Constitution, the great privilege of choosing his ruler may not be denied a man by the State because of his color.'

"The case was brought by Lonnie E. Smith, a Houston Negro, who was excluded from voting in 1940 primary by the election judges of the 48th precinct of Harris County, Tex.

"His attorneys contended that a 1935 Supreme Court decision, sustaining the exclusion of Negroes from a Texas primary, was 'based on the theory that the right to participate in the Democratic primary is one of the privileges incidental to membership in the Democratic Party of Texas and should not be confused with the right to vote.'

"The attorney cited a 1941 Supreme Court opinion, in a case from Louisiana, which they said held that in a State where choice at the primary was tantamount to election, the right to vote in the primary was deprived from the U. S. Constitution and not from the party.

"Exclusion of Negroes from the primary, the attorneys said, was based on a resolution adopted by the State Democratic Party.

"Justice Roberts, in dissenting, said:

"'I have no assurance, in view of current decisions, that the opinion announced today may not shortly be repudicated and overruled by Justices who deem they have new light on the subject. In the present term, the Court has overruled three cases.

"'It is regrettable that in an era marked by doubt and confusion, an era whose greatest need is steadfastness of thought and purpose, this Court, which has been looked to as exhibiting consistency in adjudication and a steadiness which would hold the balance even in the face of temporary ebbs and flows of opinion, should now itself become the breeder of fresh doubt and confusion in the public mind as to the stability of our institutions.'

"The majority ruling said: 'The United States is a constitutional democracy. Its organic law grants to all citizens a right to participate in the choice of elected officials without restriction by any State because of race. This grant to the people of the opportunity for choice is not to be nullified by a State through casting its electoral process in a form which permits a private organization to practice racial discrimination in the election. Constitutional rights would be of little value if they could be thus indirectly denied.'

"The Court said the privilege of membership in a political party may be, as the Court previously had ruled, no concern of a State.

"'But,' the opinion added, 'when, as here, that privilege is also the essential qualifaciton for voting in a primary to select nominees for a general election, the State makes the action of the party the action of the State.'

"The majority said that, reaching that conclusion, it was 'not unmindful of the desirability of continuity of decision in constitutional questions. However, when convinced of former error, this Court has never felt constrained to follow precedent.'"

From Washington Ahead Of The News

(Continued from first page)

admit his mistake yet. Lately, another candidate is being introduced, a former national commander of the American Legion. He is having difficulty getting his campaign organized. If he should get started in the next week or so, he stands a good chance to beat both Burdick and Nye.

The activities of the CIO Political Action Committee reflect one of the most ambitious bids for power ever undertaken by one man in this country, Sidney Hillman. You are going to hear more of him in the forthcoming campaign than the Chairman of the Democratic National Committee, if not Mr. Roosevelt himself.

The committee is active with a house to house campaign in several States already in an effort to purge members of Congress, not on their labor record necessarily, but upon whether they supported roll-back subsidies, the Federal soldier ballot, the anti-poll tax bill; in other words, the New Deal party line is being applied as the test. In some instances, members who have been 100% for labor, are being opposed because they were pre-Pearl Harbor isolationists. If the enterprise should be successful, along with Mr. Roosevelt's reelection to a Fourth Term, Hillman would be one of the most powerful men in America.

He was born in Zagare, Lithuania, a part of Czaristic Russia, in 1887, his father a small trader in wheat, his grandfather a rabbi. He came to this country in 1907 through Ellis Island, and went directly to Chicago, where he got a job with Sears, Roebuck as a stock clerk. He didn't keep it long. After a period of unemployment he went to work with Hart, Schaffner and Marks as an apprentice cutter.

In the famous Chicago clothing workers' strike of 1910, he ingratiated himself with the social workers who intervened, Jane Adams, Mrs. Raymond Robbins and Clarence Darrow. Subsequently, they introduced him to their New York counterparts of the Lillian Wald's Henry Street Settlement crowd. There he met Frances Perkins.

The complaint of the old line labor leaders is that he hasn't come up through the trades unionist movement, never even became a journeyman at his trade, but that he has always been a socio-politico, advanced by his social worker friends.

Along about 1914 he took over a group bolting from the United Garment Workers' Union and not being able to get into the AFL, he formed the Amalgamated Clothing Workers of America which he now dominates. Felix Frankfurter, Prof. W. Z. Ripley and the late Justice Brandeis introduced him to World War I Washington. The turbulent manner in which he built up his organization in the New York clothing trade is well known. His influence was pretty much confined to New York, however, until Madame Perkins brought him to Washington with the old NRA. During this period he enjoyed a brief acceptance by the AFL. But he quickly joined with the New Dealers in their desire for a socio-political movement, which was to appear as the CIO. He attained national influence when Mr. Roosevelt in 1940 named him as a member of the National Defense Advisory Council, and more so the following year when he was named co-director, with William S. Knudsen, of the OPM, then the war production agency. In this capacity he was the nation's war-time labor czar and one of his jobs was to get John L. Lewis out of the CIO, which he did.

He went great guns in war-time Washington until late summer of 1942 when Madame Perkins realized that Hillman was pushing her more and more into the background. She went to work on him in the Washington intrigue and "ill health" overtook him.

Hillman is a very practical man. He has played ball with the Communists and fought them as the occasion warranted. He's playing ball now and shooting for high stakes. He's got all of political Washington watching him.

Food Subsidies And 40-Hour Week in War Criticized By Senator Reed At Senate Hearing

Senator Reed, appearing at hearings in Washington on bills to continue price controls, on April 24, opposed subsidies on the ground that "they are for all"—the people on Park Avenue and on the Gold Coast, people who don't need to have their grocery bill subsidized. Senator Reed also criticized what he called under use of manpower and said the war was costing $50,000,000,000 a year more than it should. Associated Press advices from Washington on April 24, from which these remarks are taken, also had the following to say:

"We are trying to win the war on an impossible basis," he told the Senate Banking Committee, saying the average work week in all manufacturing in 1943 was 44.9 hours, compared to 45.7 in 1939 and 51 in 1914. He called it an outrageous perversion to have a basic 40-hour work week in war time.

Seven major changes in the nation's price control and stabilization program were advocated meanwhile by the House committee headed by Representative Smith (D.-Va.), the severest congressional critic of the OPA. A rewritten Price Control Act containing the recommendations was filed by the group assigned to investigate whether Government agencies exceed their authority.

A minority report concurred in some of the proposals but differed sharply on others.

The majority plan suggested:

1. Writing the President's hold-the-line freeze of wages and prices as of Sept. 15, 1942, into the price control law.
2. A curb on the powers of the War Labor Board.
3. Abolition of the treble damages the OPA can impose on a price violator and substituting a maximum penalty or $50,000.
4. Abolition of OPA's authority to order sanctions without court review.
5. Required publication of executive orders, regulations and directives in the Federal register.
6. Relaxation of certain rent controls.
7. Broader court review powers over both OPA and WLB orders.

International Agreement To Maintain High Levels Of Employment Asked By Australia

An international agreement to maintain high levels of employment as the basis of all international planning was proposed to the International Labor Conference at Philadelphia on April 24 by the Australian Government, according to an Associated Press dispatch from that city, on April 24, which also had the following to say:

"To that end the Australians proposed that the United Nations hold a subsequent international conference to deal entirely with world employment.

"The proposal has been made in a drafted convention, circulated to conference delegates, and will be discussed later in full session by J. A. Beasley, Australian Minister of Supply and Shipping.

"Robert J. Watt, United States delegate, the workers' Vice-President of the conference, says the workers' group will fight the Beasley proposal since, in effect, it places labor itself one step removed from any final labor policy evolved by the United Nations He plans to answer Mr. Beasley in full session.

"Secretary of Labor Frances Perkins, speaking to the I. L. O Conference for the United States and George Tomlinson, speaking for the British Ministry of Labor stressed the need for full employment in the post-war world although they made no definite suggestions for arriving at a higher world living standard Miss Perkins said the maintenance of high levels of employment and national income within every nation should be regarded by the United Nations as 'a matter of international concern.'

"She said the United States I. L. O. delegation will recommend that the United Nations 'agree in principle' on this attitude. She also said the I. L. O. should discuss economic matters—previously barred from the organization's agenda."

Miss Perkins, in recommending the establishment, on a 'universal basis,' of labor standards now prevailing in the United States said:

"The I. L. O. has a special peculiar responsibility for developing those minimum standards that all of us accepted as necessary—reducing hazards of work places, the regulation of the employment of children, special safeguards for the employment of women, provisions for minimum wages and maximum hours, the provision of rest periods and opportunities for leisure; the establishment of comprehensive systems of social insurance and public assistance, and provisions for opportunity for development of collective bargaining.

"I take it that all nations gathered here, including the U. S. A., intend in the future, as in the past, to place primary reliance on the procedures of the International Labor Organization to develop and implement labor standards."

She proposed that I. L. O. act as an adviser to the United Nations Relief and Rehabilitation Administration and the United Nations Conference on Food and Agriculture, and added:

"The I. L. O. should appropriately discuss the various ways in which progress is being made toward the objective of freedom from want and should be able to communicate its suggestions for the more effective pursuit of this objective to each of the technical agencies whose activities will be indispensable to its attainment."

Clothes Needed For Russia, Says Harriman

U. S. Ambassador W. Averell Harriman, in a cablegram from Moscow made public April 18, attested to the value of Russian War Relief supplies reaching the Soviet Union and stressed the urgent need for additional clothing and other necessities for Russian families in liberated areas. Mr. Harriman's cable, addressed to Edward C. Carter, President of Russian War Relief, was received as communities throughout the country were preparing to launch "Clothing for Russia" campaigns. A New York City drive will be held from May 1 to May 15. Clothing and other supplies transmitted through Russian War Relief, Mr. Harriman said, not only aided the Russian people in their battle to expel the invader but gave them strength to rebuild areas destroyed by the Nazis. Such assistance, he added, constituted a valuable supplement to the lend-lease program and conveyed the sympathy and admiration of the American people for the embattled Russian people.

Morgenthau Reports To Congressional Group On Plans For International Monetary Fund

(Continued from first page)

likewise pointed out that the discussions of the experts "contemplate the establishment of a Bank for Reconstruction and Development to facilitate long-term investment capital through private financial agencies." "The Bank would also," he says, "supplement investment of private financial agencies if this becomes necessary."

In referring to the proposals of the experts, advices to the New York "Journal of Commerce" from its Washington bureau, April 21, said in part:

"One broad purpose of the plan is to take the control of international capital movements out of private hands and place these transactions under Government control.

"Assent of Russia to the proposals, given here today, meant that technical experts of all the major United Nations are in agreement on the broad currency stabilization principles."

From Associated Press accounts from Washington, April 21, we quote the following:

"The agreement, which represents a clear-cut American victory over British proposals to relegate gold to a minor role in post-war currency stabilization, replaces separate proposals advanced by this country, Great Britain and Canada.

"Despite British capitulation to American and Canadian views toward gold as a stabilization basis, both Mr. Morgenthau and Harry D. White, author of the American or so-called White plan, emphasized that the present draft presents no single nation's plan.

"'In England,' said Mr. White, 'they will find many resemblances to the Keynes plan.' Lord Keynes, financial adviser to the British Exchequer, is the author of a British proposal which would have created a clearing union to achieve stabilization without emphasis upon gold.

"As now framed, the agreement would call for the United States to put up between $2,500,000,000 and $2,750,000,000 toward the fund, with Great Britain looked to for about $1,250,000,000 and Russia approximately $1,000,000,000. Mr. Morgenthau noted, however, that more than $2,000,000,000 is already available in the Treasury's present stabilization fund, although he emphasized that no transfer would be made without Congressional approval. In fact, he declared, the entire project 'naturally' depends upon its reception on Capitol Hill.

"In response to a question, Mr. White said the proposal does not contemplate a redistribution of this country's gold holdings, except for the 'normal redistribution' he said would result from freer trade and greater world prosperity.

"'It might well be,' he acknowledged, 'that we will end up five or ten years from now with smaller gold holdings.'

"Evidently as a concession to Great Britain the agreement omits this country's general veto power previously envisioned in the White plan, although Mr. White emphasized that the draft provides other safeguards for American interests. Voting power would be 'closely related' to quotas, but a specific formula for determining them was left to a later decision.

"'Unitas' and 'Bancor,' names that American and British financial experts, respectively, suggested for an international currency, have been eliminated from the plan. Mr. Morgenthau, in announcing the experts' agreements on principles, said 'in order to make progress, they have dropped all names.'"

Under date of April 21 it was stated in United Press accounts from Washington (given in the New York "Herald Tribune") that:

"The proposed $8,000,000,000 international monetary fund would be but one of three financial 'shots in the arm' aiming to stimulate world-wide post-war economic recovery.

"All three programs are interrelated and designed to furnish or facilitate the pumping of capital into devastated areas. The other two are:

"1. United Nations Relief and Rehabilitation Administration—already established. Capital, $2,500,000,000; United States share, $1,350,000,000. Designed for immediate post-war period to restore quickly to a working basis the economic life of war-stricken countries until the growth of confidence leads to gradual resumption of long-term international investment.

"2. United Nations Bank for Reconstruction and Development—still in technical discussion stage, with agreement on principles expected soon. Proposed capital, about $10,000,000,000 in non-taxable, non-transferable $100,000 shares to be divided among members on 'agreed-upon formula' based on relevant data such as amount of national income and foreign trade. Designed to encourage private capital to go abroad for productive investment by sharing risks of private investors, participating with private investors in large ventures and provide some of capital needed for reconstruction and development where private capital is unable to take the risk."

We give herewith, as follows, the statement by Secretary Morgenthau on April 21 before the Congressional groups, viz.: the Senate Committees on Foreign Relations, Banking and Currency, and the Special Committee on Post-War Economic Policy and Planning; and the House of Representatives Committees on Foreign Affairs, Ways and Means, Banking and Currency, Coinage, Weights and Measures, and Special Committee on Post-War Economic Policy and Planning:

"I am happy to tell you today that technical experts of the United Nations have agreed upon a set of basic principles for an International Monetary Fund. This is a great step forward. It is of greatest importance to all of us who believe that the nations of the world can cooperate in dealing with international economic problems.

"Technicians representing some of these 30 nations have prepared a joint statement of the principles which are agreed upon. This statement does not, of course, bind any government to participate in the International Monetary Fund, though it does mean that the Fund will be recommended to each of the governments as a practical means of meeting post-war monetary problems.

"I want to call particular attention to some of the facts contained in this joint statement, but before I do that I should like to review with you some of the things that have happened since I appeared before these committees on Oct. 5 of last year. At that time I told you I would like to keep you informed of progress, and accordingly I appreciate this opportunity to bring you up to date.

"Since I last talked to you we have discussed the principles of the international stabilization and investment program with bankers, labor representatives and other interested groups in Washington, Chicago, Boston, Philadelphia, New York, and other cities. Out of these meetings came helpful suggestions, many of which were incorporated in our plans.

"The vast majority of those with whom we have talked are inclined to look favorably upon the principle of cooperation to maintain stable and orderly exchange rates. Informed opinion seems to point to private investment on a world-wide basis as vital to post-war recovery and reconstruction; and the stabilization of currencies among the United Nations through the medium of an international fund, is generally believed to be a necessary prerequisite to this investment. I believe we cannot expect American business men, nor business men of any nation, to take major financial risks, immediately upon the heels of a catastrophic global war, without some assurance that steps have been taken to prevent their investments from being jeopardized by unduly fluctuating money values and severe exchange restrictions.

"Having studied the world picture after the last war, we are all agreed that an effort must be made to prevent, insofar as possible, harmful fluctuations of currency; and to prohibit deliberate manipulation of currencies in an effort to secure unfair competitive advantage in world trade.

"When I was here on Oct. 5 I spoke of a projected international bank for reconstruction and development.

"Because discussions on the Bank were initiated somewhat later, they are not yet completely finished. I can tell you, however, that there is considerable support for the general principles embodied in the World Bank, and that good progress has been made.

"Those with whom we have discussed the problem of reviving post-war international investment regard the Bank as essential to the expansion of international trade and the maintenance of a high level of business activity. They believe it necessary to take steps to encourage and aid private investors in providing an adequate volume of long-term investment capital for productive purposes.

"The discussions we have had contemplate the establishment of a Bank for Reconstruction and Development to facilitate long-term investment capital through private financial agencies by guaranteeing and participating in loans made by private investors. The Bank would also supplement investment of private financial agencies if this becomes necessary, by lending for productive purposes from its own resources when private capital is otherwise not available on reasonable terms.

"A full statement of recommendations on the establishment of such a Bank and of the principles on which such a Bank should be based is still in preparation by technicians. It is my hope that this statement will soon be completed and that it will be issued later. Before it is published, I shall fully inform your committees.

"Now I should like to explain briefly some of the principles upon which the technicians are agreed in connection with the International Monetary Fund.

"Here are the purposes and policies as set forth in the joint statement:

"(1) To promote international monetary cooperation through a permanent institution which provides the machinery for consultation on international monetary problems.

"(2) To facilitate the expansion and balanced growth of international trade and to contribute in this way to the maintenance of a high level of employment and real income, which must be a primary objective of economic policy.

"(3) To give confidence to member countries by making the Fund's resources available to them under adequate safeguards, thus giving members time to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.

"(4) To promote exchange stability, to maintain orderly exchange arrangements among member countries, and to avoid competitive exchange depreciation.

"(5) To assist in the establishment among member countries of multilateral payments facilities on current transactions and to aid in the elimination of foreign exchange restrictions which hamper the growth of world trade.

"(6) To shorten the periods and lessen the degree of disequilibrium in the international balance of payments of member countries.

"The joint statement recommends that all of the United and Associated Nations subscribe approximately $8,000,000,000 to the Fund in the form of gold and local currency. The resources of the Fund would be available under adequate safeguards to help member countries to maintain exchange stability and to correct maladjustments in their balance of payments. Member countries would be able to buy foreign exchange from the Fund with their own currencies, to the extent of their quotas, in order to meet international payments consistent with the purposes of the Fund.

"The par value of currencies of member countries would be expressed in gold and could be changed only at the request of member countries after consultation and approval of the Fund. The Fund would approve a requested change in parity only if it were essential to correct a fundamental disequilibrium. Prompt consideration would be given to requests for necessary adjustment of exchange rates. Member countries would not allow their exchange rates to fluctuate outside a narrow range based on the agreed gold parity.

"Voting power in the Fund would be closely related to quotas. A member country could withdraw from the Fund immediately by giving notice in writing, and obligations would be liquidated within a reasonable time.

"During the period of transition following the war, member countries would be permitted to retain their exchange controls with the expectation that these would gradually be relaxed.

"I am frank to say that in my opinion the agreement of the technical experts to these principles constitutes a long step on the way toward preventing a breakdown of currencies and the imposition and retention of restrictive and discriminatory exchange measures after the war. Through international cooperation now, we can assure a stable and orderly pattern of post-war exchange rates.

"The purposes set forth in this joint statement have long been the international monetary policies of the United States. For years it has been our objective to have these policies adopted by other countries. We know of no better way of assuring general adherence to these policies than through international cooperation in an International Monetary Fund.

"We believe that it is of the greatest importance that all of the United Nations are in agreement on the best means to deal with these international financial problems after the war. This is concrete evidence that the United Nations can and will work together in establishing a peaceful and prosperous world just as they are now fighting together to destroy tyranny and oppression.

"International cooperation on monetary and financial matters is the keystone of successful cooperation on all international economic problems. Unless we agree to expand world trade and develop the world economy, few other economic agreements which we might make will or can be effective.

"The tentative proposals th
have been under discussion by t
technical experts are part of
program for cooperation on inte
national economic probler
among the United Nations. T
objectives of this program are t
expansion and development of i
ternational trade, the restorati
of international investment f
productive purposes, the maint
nance of stable and orderly e
changes. Through these mea
we can contribute to a high lev
of employment and productio
The establishment of an Inte
national Monetary Fund and
Bank for Reconstruction and D
velopment are important steps
the attainment of the objectives
this broad program.

"I want to emphasize aga
that the discussions up to no
have all been of a technical natu
and exploratory in characte
Whatever has been done repr
sents the views of the technic
experts of this country and
other countries that have bee
studying these questions. T
United States is not in any wa
committed until Congress h
taken action.

"It is my hope that after stud
ing the recommendations of t
technical experts, the gover
ments of the United Nations wi
come to the conclusion that the
is sufficient basis of agreement
a technical level to warrant t
convening of a formal conferenc

"I am happy to say that t
President has authorized me
state that if a conference is hel
it is his intention to invite dire
Congressional participation in t
work of the United States dele
gation."

The summary of the recom
mendations of the technical e
perts, dated April 20, was als
made available by the Treasu
Department on April 21 as fo
lows:

Summary of the Recommenda tions of the Technical Experts

"The experts propose the estab
lishment of an Internation
Monetary Fund as a permane
institution for international mon
tary cooperation. The purpos
would be to promote exchang
stability, assure multilateral pay
ment facilities, help lessen inte
national disequilibrium and giv
confidence to member countrie
All of the United and Associate
Nations would subscribe approx
mately $8,000,000,000 to the Fun
in the form of gold and local cur
rency in accordance with a
agreed formula. The resources o
the Fund would be available un
der adequate safeguards to hel
member countries to maintain ex
change stability while they cor
rect maladjustments in their bal
ance of payments.

"Member countries would b
able to buy foreign exchange from
the Fund with their own currenc
to meet payments consistent wit
the purposes of the Fund until th
Fund's total holdings of their cur-
rency reach 200% of the quota
Where a member country is mak-
ing use of the Fund in a manne
contrary to its purposes and poli-
cies, the Fund would give appro-
priate notice that it would sell ad-
ditional exchange to the membe
country only in limited amounts
Member countries holding ade-
quate gold and exchange re-
sources would be expected to pay
for half of their exchange pur-
chases with gold and countries
whose official holdings of gold
are adequate and are increasing
would be expected to use half of
the increase to repurchase part of
the Fund's holdings of their cur-
rency.

"When the Fund's holdings of a
currency become scarce, the Fund
would issue a report and make
recommendations designed to in-
crease the supply of such cur-
rency. In the meantime, after
consultation with the Fund, mem-
ber countries would be authorized
temporarily to restrict freedom of
exchange operations in the scarce
currency.

"The Fund's resources could

ot be used to meet a large out-
ow of capital, although they
ould be used for capital transac-
ons of reasonable amount. A
ember country could also use
s own resources of gold or for-
gn exchange for capital transac-
ons that are in accordance with
e purposes of the Fund.

"The par value of the curren-
es of member countries would
e expressed in gold and could be
hanged only at the request of
ember countries. The Fund
ould approve a requested change
n parity if it were essential to
orrect fundamental disequi-
brium. After consultation, a
ember country would be per-
itted to change the parity of its
urrency by not more than 10%.
rompt consideration would be
iven to other requests for ad-
ustment of exchange rates.

"The Fund would be governed
y a board and an executive com-
ittee representing the members.
oting power would be closely
elated to quotas. A member
ountry could withdraw from the
und immediately by giving
otice in writing. Thereafter, the
eciprocal obligations of the Fund
nd the country would be liqui-
ated within a reasonable time.

"Member countries would not
llow exchange transactions at
ates outside a prescribed range
ased on the agreed parities.
hey would not be permitted to
mpose restrictions on payments
or current international transac-
ions, or to engage in discrimina-
ory currency arrangements or
ultiple currency practices with-
ut the approval of the Fund.

"During the period of transition
ollowing the war, member coun-
ries would be permitted to retain
heir exchange controls with the
xpectation that these would
radually be relaxed. Three
ears after the establishment of
he Fund any member still re-
aining restrictions inconsistent
vith these principles would con-
ult with the Fund as to their re-
ention. The transition period is
ecognized as one of change
nd adjustment and in deciding on
equests presented by members
he Fund would give them the
enefit of any reasonable doubt."

The joint statement issued by the technical experts of the United Nations follows:

Joint Statement by Experts on the Establishment of an International Monetary Fund

Sufficient discussion of the problems of international monetary cooperation has taken place at the technical level to justify a statement of principles. It is the consensus of opinion of the experts of the United and Associated Nations who have participated in these discussions that the most practical method of assuring international monetary cooperation is through the establishment of an International Monetary Fund. The principles set forth below are designed to constitute the basis for this Fund. Governments are not asked to give final approval to these principles until they have been embodied in the form of definite proposals by the delegates of the United and Associated Nations meeting in a formal conference.

I. Purposes and Policies of the International Monetary Fund

The Fund will be guided in all its decisions by the purposes and policies set forth below:

1. To promote international monetary cooperation through a permanent institution which provides the machinery for consultation on international monetary problems.

2. To facilitate the expansion and balanced growth of international trade and to contribute in this way to the maintenance of a high level of employment and real income, which must be a primary objective of economic policy.

3. To give confidence to member countries by making the Fund's resources available to them under adequate safeguards, thus giving members time to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.

4. To promote exchange stability, to maintain orderly exchange arrangements among member countries, and to avoid competitive exchange depreciation.

5. To assist in the establishment of multilateral payments facilities on current transactions among member countries and in the elimination of foreign exchange restrictions which hamper the growth of world trade.

6. To shorten the periods and lessen the degree of disequilibrium in the international balance of payments of member countries.

II. Subscription to the Fund

1. Member countries shall subscribe in gold and in their local funds amounts (quotas) to be agreed, which will amount altogether to about $8,000,000,000 if all the United and Associated Nations subscribe to the Fund (corresponding to about $10,000,000,000 for the world as a whole).

2. The quotas may be revised from time to time, but the changes shall require a four-fifths vote and no member's quota may be changed without its assent.

3. The obligatory gold subscription of a member country shall be fixed at 25% of its subscription (quota) or 10% of its holdings of gold and gold-convertible exchange, whichever is the smaller.

III. Transactions with the Fund

1. Member countries shall deal with the Fund only through their Treasury, Central Bank, Stabilization Fund, or other fiscal agencies. The Fund's account in a member's currency shall be kept at the Central Bank of the member country.

2. A member shall be entitled to buy another member's currency from the Fund in exchange for its own currency on the following conditions:

(a) The member represents that the currency demanded is presently needed for making payments in that currency which are consistent with the purposes of the Fund.

(b) The Fund has not given notice that its holdings of the currency demanded have become scarce, in which case the provisions of VI, below, come into force.

(c) The Fund's total holdings of the currency offered (after having been restored, if below that figure, to 75% of the member's quota) have not been increased by more than 25% of the member's quota during the previous 12 months and do not exceed 20% of the quota.

(d) The Fund has not previously given appropriate notice that the member is suspended from making further use of the Fund's resources on the ground that it is using them in a manner contrary to the purposes and policies of the Fund; but the Fund shall not give such notice until it has presented to the member concerned a report setting forth its views and has allowed a suitable time for reply.

The Fund may in its discretion and on terms which safeguard its interests waive any of the conditions above.

3. The operations on the Fund's account will be limited to transactions for the purpose of supplying a member country on the member's intiative with another member's currency in exchange for its own currency or for gold. Transactions provided for under 4 and 7, below, are not subject to this limitation.

4. The Fund will be entitled, at its option, with a view to preventing a particular member's currency from becoming scarce:

(a) To borrow its currency from a member country;

(b) To offer gold to a member country in exchange for its currency.

5. So long as a member country is entitled to buy another member's currency from the Fund in exchange for its own currency, it shall be prepared to buy its own currency from that member with that member's currency or with gold. This shall not apply to currency subject to restrictions in conformity with IX, 3, below, or to holdings of currency which have accumulated as a result of transactions of a current account nature effected before the removal by the member country of restrictions on multilateral clearing maintained or imposed under X, 2, below.

6. A member country desiring to obtain, directly or indirectly, the currency of another member country for gold is expected, provided that it can do so with equal advantage, to acquire the currency by the sale of gold to the Fund. This shall not preclude the sale of newly-mined gold by a gold-producing country on any market.

7. The Fund may also acquire gold from member countries in accordance with the following provisions:

(a) A member country may repurchase from the Fund for gold any part of the latter's holdings of its currency.

(b) So long as a member's holdings of gold and gold-convertible exchange exceed its quota, the Fund in selling foreign exchange to that country shall require that one-half of the net sales of such exchange during the Fund's financial year be paid for with gold.

(c) If at the end of the Fund's financial year a member's holdings of gold and gold-convertible exchange have increased, the Fund may require up to one-half of the increase to be used to repurchase part of the Fund's holdings of its currency so long as this does not reduce the Fund's holdings of a country's currency below 75% of its quota or the member's holdings of gold and gold-convertible exchange below its quota.

IV. Par Values of Member Currencies

1. The par value of a member's currency shall be agreed with the Fund when it is admitted to membership, and shall be expressed in terms of gold. All transactions between the Fund and members shall be at par, subject to a fixed charge payable by the member making application to the Fund, and all transactions in member currencies shall be at rates within an agreed percentage of parity.

2. Subject to 5, below, no change in the par value of a member's currency shall be made by the Fund without the country's approval. Member countries agree not to propose a change in the parity of their currency unless they consider it appropriate to the correction of a fundamental disequilibrium. Changes shall be made only with the approval of the Fund, subject to the provisions below.

3. The Fund shall approve a requested change in the par value of a member's currency, if it is essential to the correction of a fundamental disequilibrium. In particular, the Fund shall not reject a requested change, necessary to restore equilibrium, because of the domestic social or political policies of the country applying for a change. In considering a requested change, the Fund shall take into consideration the extreme uncertainties prevailing at the time the parities of the currencies of the member countries were initially agreed upon.

4. After consulting the Fund, a member country may change the established parity of its currency, provided the proposed change, inclusive of any previous change since the establishment of the Fund, does not exceed 10%. In the case of application for a further change, not covered by the above and not exceeding 10%, the Fund shall give its decision within two days of receiving the application, if the applicant so requests.

5. An agreed uniform change may be made in the gold value of member currencies, provided every member country having 10% or more of the aggregate quotas approves.

V. Capital Transactions

1. A member country may not use the Fund's resources to meet a large or sustained outflow of capital, and the Fund may require a member country to exercise controls to prevent such use of the resources of the Fund. This provision is not intended to prevent the use of the Fund's resources for capital transactions of reasonable amount required for the expansion of exports or in the ordinary course of trade, banking or other business. Nor is it intended to prevent capital movements which are met out of a member country's own resources of gold and foreign exchange, provided such capital movements are in accordance with the purposes of the Fund.

2. Subject to VI below, a member country may not use its control of capital movements to restrict payments for current transactions or to delay unduly the transfer of funds in settlement of commitments.

VI. Apportionment of Scarce Currencies

1. When it becomes evident to the Fund that the demand for a member country's currency may soon exhaust the Fund's holdings of that currency, the Fund shall so inform member countries and propose an equitable method of apportioning the scarce currency. When a currency is thus declared scarce, the Fund shall issue a report embodying the causes of the scarcity and containing recommendations designed to bring it to an end.

2. A decision by the Fund to apportion a scarce currency shall operate as an authorization to a member country, after consultation with the Fund, temporarily to restrict the freedom of exchange operations in the affected currency, and in determining the manner of restricting the demand and rationing the limited supply among its nationals, the member country shall have complete jurisdiction.

VII. Management

1. The Fund shall be governed by a board on which each member will be represented and by an executive committee. The executive committee shall consist of at least nine members including the representatives of the five countries with the largest quotas.

2. The distribution of voting power on the board and the executive committee shall be closely related to the quotas.

3. Subject to II, 2 and IV, 5, all matters shall be settled by a majority of the votes.

4. The Fund shall publish at short intervals a statement of its position showing the extent of its holdings of member currencies and of gold and its transactions in gold.

VIII. Withdrawal

1. A member country may withdraw from the Fund by giving notice in writing.

2. The reciprocal obligations of the Fund and the country are to be liquidated within a reasonable time.

3. After a member country has given notice in writing of its withdrawal from the Fund, the Fund may not dispose of its holdings of the country's currency except in accordance with the arrangements made under 2, above. After a country has given notice of withdrawal, its use of the resources of the Fund is subject to the approval of the Fund.

IX. The Obligations of Member Countries

1. Not to buy gold at a price which exceeds the agreed parity of its currency by more than a prescribed margin and not to sell gold at a price which falls below the agreed parity by more than a prescribed margin.

2. Not to allow exchange transactions in its market in currencies of other members at rates outside a prescribed range based on the agreed parities.

3. Not to impose restrictions on payments for current international transactions with other member countries (other than those involving capital transfers or in accordance with VI, above) or to engage in any discriminatory currency arrangements or multiple currency practices without the approval of the Fund.

X. Transitional Arrangements

1. Since the Fund is not intended to provide facilities for relief or reconstruction or to deal with international indebtedness arising out of the war, the agreement of a member country to provisions III, 5 and IX, 3, above, shall not become operative until it is satisfied as to the arrangements at its disposal to facilitate the settlement of the balance of payments differences during the early post-war transition period by means which will not unduly encumber its facilities with the Fund.

2. During this transition period member countries may maintain and adapt to changing circumstances exchange regulations of the character which have been in operation during the war, but they shall undertake to withdraw as soon as possible by progressive stages any restrictions which impede multilateral clearing on current account. In their exchange policy they shall pay continuous regard to the principles and objectives of the Fund; and they shall take all possible measures to develop commercial and financial relations with other member countries which will facilitate international payments and the maintenance of exchange stability.

3. The Fund may make representations to any member that conditions are favorable to withdrawal of particular restrictions or for the general abandonment of the restrictions inconsistent with IX, 3, above. Not later than three years after coming into force of the Fund any member still retaining any restrictions inconsistent with IX, 3 shall consult with the Fund as to their further retention.

4. In its relations with member countries, the Fund shall recognize that the transition period is one of change and adjustment, and in deciding on its attitude to any proposals presented by members it shall give the member country the benefit of any reasonable doubt.

[The tentative plans of the Treasury Department (the so-called White plan) as outlined by Secretary Morgenthau were given in these columns April 8, 1943, pages 1300-1303; also page 1305; the British, or Keynes, proposals were referred to in our issue of April 15, page 1388, while mention of the Canadian (or Ilsley) plan was made on page 201 of our July 15, 1943, issue. Some of the other references to the several plans will be found in these columns April 1, 1943, page 1211, and Dec. 23, page 2546.]

Puerto Rican Banker To Address N. Y. Chamber

Rafael Carrion, President of the Banco Popular de Puerto Rico, oldest and largest native banking institution in Puerto Rico, will address the Chamber of Commerce of the State of New York at the monthly meeting at 65 Liberty Street, at noon on May 4. His subject will be "Puerto Rico — Past and Present." Frederick E. Hasler, President of the chamber, will preside.

Planting Intentions As Of March 1, 1944

The Crop reporting Board of the U. S. Department of Agriculture made public on March 20 the following report for the United States, on the indicated acreages of certain crops in 1944, based upon reports from farmers in all parts of the country on or about March 1 regarding their acreage plans for the 1944 season.

The acreages for 1944 are interpretations of reports from growers and are based on past relationships between such reports and acreages actually planted.

The purpose of this report is to assist growers generally in making such further changes in their acreage plans as may appear desirable. The acreages actually planted in 1944 may turn out to be larger or smaller than indicated, by reason of weather conditions, price changes, labor supply, financial conditions, the agricultural program, and the effect of this report itself upon farmers' actions.

Crop—	Planted Acreages—			
	Average 1933-42	1943	Indicated 1944	1944 as per cent of 1943
Corn, all	96,276,000	97,136,000	99,583,000	102.5
All spring wheat	20,033,000	17,275,000	19,805,000	114.6
Durum	2,924,000	2,189,000	2,256,000	103.1
Other spring	17,159,000	15,086,000	17,549,000	116.3
Oats	41,059,000	42,858,000	46,170,000	107.7
Barley	14,401,000	17,329,000	15,074,000	87.0
Flaxseed	2,469,000	6,320,000	4,351,000	68.8
Rice	1,048,000	1,531,000	1,522,000	99.4
Sorghums for all purposes	15,942,000	17,496,000	18,070,000	103.3
Potatoes	3,136,000	3,430,000	3,180,000	92.7
Sweetpotatoes	801,000	898,000	902,000	100.4
*Tobacco	1,534,000	1,462,000	1,716,000	117.4
Beans, dry edible	1,991,000	2,734,000	2,528,000	92.5
Peas, dry field	321,000	832,000	771,000	92.7
†Soybeans	8,016,000	14,762,000	14,619,000	99.0
†Cowpeas	3,162,000	2,266,000	1,835,000	81.0
†Peanuts	2,402,000	5,202,000	4,704,000	90.4
*Tame hay	57,049,000	61,016,000	59,910,000	98.2
Sugar beets	926,000	619,000	615,000	99.4

*Acreage harvested. †Grown alone for all purposes. Partly duplicated in hay acreage.

Farmers in all parts of the country are pushing production close to the limits of their resources, and the total acreage of crops is likely to be several per cent greater than was grown last year and close to the record crop acreage of 1932. If farmers carry out present plans, nearly all of the increases over plantings last year will be in grains, tobacco, and certain vegetables. No prospective planting report is made for cotton. Decreases are in prospect for most other crops according to the plans of 68,000 farmers who reported to the United States Department of Agriculture early in March.

The acreage which farmers intend to plant to feed grains and sorghums shows an increase of 4,000,000 acres — 2.3% over the acreage planted last year. The chief items are increases of 2.5% for corn, 3% for sorghums, and 8% for oats, which are partially offset by a 13% decrease in barley. The total acreage which farmers expect to devote to these four crops is nearly 7% over the 10-year average and higher than plantings in any past years except 1932 and 1933, but it would not be a large acreage in relation to the number of livestock now on the farms.

The nearly 25% increase in seedings of winter wheat reported last fall is now expected to be followed by a nearly 15% increase in the acreage seeded to spring wheat, indicating a return to about an average acreage seeded to all wheat. The increase in tobacco seems likely to be about 17%, an acreage about 12% above the 10-year average but still far below the acreage grown in some earlier years. The most important acreage decreases now indicated are: flaxseed, 31%; peanuts, 10%; beans, peas, and potatoes, 7 to 8%; and tame hay, 2%. Plans for soybeans to be grown alone show a decrease of 1% and those for cowpeas show a decrease of 19%, but much of the reduction in these crops and in peanuts is likely to be in the portion cut for hay, or left to be consumed by livestock. With about usual weather and plantings as now indicated, the acreage of peanuts picked or threshed may be about equal to the large acreage threshed last year and the acreage of soybeans to be threshed may be expected to show a small increase of perhaps 2 or 3%. Reports on rice, sugar beets and sweet potatoes indicate that farmers are planning to plant about the same acreages as were planted last year, the changes indicated being less than 1%. Reports regarding the acreages of vegetables planned have not yet been received from growers in some areas, but reports received to date indicate that the plantings of vegetables for canning and processing are likely to be increased about 2% and the acreage of truck crops harvested for the fresh market may finally show an increase of almost 20%.

The reports received indicate that a great many farmers in all parts of the country realize they individually are faced both by a shortage of feed for the number of livestock and poultry on their farms and by a tight labor situation that will not be extensively relieved by the new machinery that will be available in time for this season's crops. There seems to be a general fear that there will be an inadequate supply of labor needed during short periods for harvesting certain crops which are dependent on seasonal labor. In consequence, farmers' plans show that while they are doing what they can to produce needed crops, they are compelled to give primary attention to what they as individuals will be able to do. Their plans show that, although they will exert themselves to the limit to secure an adequate supply of grain for their livestock, they are shifting to crops for which they have adequate machinery and equipment and which will require a minimum dependence upon labor other than what their families can provide. Many who have power equipment or can secure additional help from their families are preparing to plant larger acreages than they have ever grown before, but many of those who are advanced in years and have been dependent on hired labor are selling their farms, renting fields, or reducing their operations to what they can handle. Perhaps because of the uncertainty of future market conditions, farmers' plans seem to be influenced even more than usual by prices and profits during the past year. This appears to be particularly true of vegetable producers, for the predicted shortages of rail transportation have not developed and instead of the tightening of belts and the shift to cheaper foods normally expected during war there has been an exceptionally strong demand for food luxuries.

The aggregate acreage of crops now planned represents a big undertaking for the manpower now on the farms. Allowing for duplications and for wild hay and various crops not yet fully surveyed, and assuming the same acreage of cotton as was planted last year, the total area of principal crops planted or grown seems likely to be about 374,000,000 acres compared with 361,000,000 acres last year, an average of 354,000,000 during the previous 10 years and the peak of 375,000,000 in 1932. If the cotton acreage is as large as last year and the weather is not too unfavorable for the planting, growth and harvesting of other crops, the aggregate acreage of the principal crops finally harvested this season may top previous records, except perhaps 1932.

Plans at this season may be modified by changes in prices or other incentives prior to planting time or may be upset by unusual weather. Some current reports on plans for cash crops indicate that they are subject to revision on the basis of price changes. In part of the winter wheat area, particularly in Kansas, Nebraska and Colorado, plantings this spring still depend considerably on how much of the wheat survives the dry fall. From the eastern border of Montana, Wyoming and northern Colorado westward, the fall and winter were dry. In this area the total acreage and, to some extent, the kind of crops finally planted, will depend on spring rains and on improvement in the prospective supply of water for irrigation. In some parts of the South spring work has been considerably delayed by frequent rains. Many individual farmers in all States are disturbed by draft uncertainties. On the other hand, fewer farmers than usual are restricted by finances, by fear of low prices, or by lack of moisture for spring crops; and the indications are that little daylight will be wasted anywhere on the farms this season.

In each part of the country the plans of farmers are considerably influenced by local conditions. All areas are affected by the draft and by the movement of workers to war jobs, but where the farms are large, productive and mechanized, many farmers are in a position to pay wages high enough to compete with industry. Tobacco and cotton where grown on a small scale and where most of the work can be done by family labor appear less affected by labor conditions than peanuts and sugar beets, which are grown on an extensive scale with the help of hired labor. Lengthening the hours of labor is more effective where mechanical power is available than where horses are used. At present prices many farmers find that they can advantageously grow larger acreages by hiring combines, corn pickers, pickup bailers and trucks on a custom basis.

The extent to which farmers are able to increase the acreage of crops by such adjustments varies considerably between regions. In New England, parts of New York, the eastern third of Ohio, on the rougher lands of the Appalachian area, and in some of the cheaper land areas of the South, westward into Arkansas and parts of Missouri the increases in acreage reported by present farmers may be offset to an unknown extent by a decrease in the number of farms operated. Similar conditions seem to prevail near expanding industrial areas elsewhere, particularly where limited housing facilities compel industries to draw the maximum number of workers from the farms that are within commuting distance. As the smaller or less productive farms or those that have been operated on a part-time basis are usually the ones first affected, the net change is difficult to calculate.

In the whole area from Minnesota and Iowa eastward to New York and New Jersey, farmers appear to be planning to increase the acreage of grain crops, chiefly by shifts from hay, pasture and idle land, and in most of these States oats will be substituted for part of the barley.

Corn

Farmers' expressed intentions as of March 1 indicate that they will plant 99,583,000 acres of corn in 1944. Such an acreage would be the largest since 1936, about 2½% above that planted in 1943 and about 3½% above the 1943-42 average. Substantial acreage increases indicated in the Corn Belt; Northeastern and East Central States more than offset reductions in most Southern, Southwestern and some Mountain States. Little change is expected in most Western States.

Important factors in the shifting pattern of corn acreage are the absence of restrictions in the commercial corn area setup under farm programs in previous years, the heavy demand for feed for the expanded livestock numbers on farms, the relatively favorable market prices and income per acre of corn compared with competing crops such as soybeans in the Corn Belt and sorghum for grain in the Southwest. Corn appears to be giving way to winter wheat in the southern part of the Great Plains. Further significant shifts from rotation pasture, summer fallow and idle land are expected to provide increasing acreage for corn in northern sections.

In the North Central States prospective plantings reach 62,036,000 acres, nearly equalling the 1936 figure and exceeding that of any subsequent year. Intended changes range from a decline in Kansas, and no change in Missouri, to increases of 1% in Nebraska, 7% in Iowa and Illinois, 11% in Minnesota, and 14% in Michigan. Favorable yields in 1942 and 1943, and the demand for feed grain tonnage to produce meat and livestock products at current prices encourage expansion of corn acreage. In some areas, corn is replacing soybeans because of the currently higher acre-income. In other positions, corn is replacing flax and barley. In Missouri, Kansas and Nebraska winter wheat was sown last fall on some acreage which ordinarily would have been used for corn, and expansion is curtailed in those States.

Expected plantings in North Atlantic States are 5% above last year, with no State showing a decrease. The most significant increases were 4% in Pennsylvania and 9% in New York. Of the South Atlantic States, only Georgia showed a small decrease (1%) while all other States showed increases from 1% in Florida and South Carolina to 5% in Virginia and West Virginia and 8% in Maryland. All South Central States, except Kentucky with its increase of 7%, showed intentions of decreasing acreages from 2% in Tennessee, Alabama, Arkansas, and Louisiana to as much as 10% in Oklahoma. In Wyoming, Colorado and Utah scarcity of soil moisture and short prospective supplies of irrigation water were factors in reducing acreages of corn, but most other Western States showed little change.

Abandonment of corn acreage has averaged near 4% over the 1933-42 period, and has ranged from 1.3% in 1929 to 8.6% in 1936 over the longer 1929-43 period. Acreage losses were from 1.6 to 2.4% in the three years 1941 to 1943. Assuming that abandonment in 1944 might equal the average of these past three years, the acreage for harvest from the intended acreage would be about 97,691,000 acres. This would exceed the harvested acreage in any year since 1933, and would be 3% more than in 1943.

No indications are available at this time as to the acreage which will be planted with hybrid seed in 1944, but favorable experience with yields from hybrid seed in recent years will tend toward its further popularization. In the heart of the Corn Belt nearly the entire acreage is planted to hybrids, but in bordering areas for which adapted varieties are available, further increases are to be expected. Supplies of such seed appear to be adequate. With nearly 52% of the 1943 acreage planted to hybrid varieties an expectation of at least 55% in 1944 would not appear unreasonabe.

While the (1939-42) 4-year average yield probably would be a minimum indication of the influence of hybrids on corn yield in 1944, the period represents better than average growing conditions. Should the combination o all factors in 1944 result in Stat yields equal to the 1939-42 average, probable production of cor for all purposes (grain silage, fodder, hogging off, grazing, etc. would amount to 3,126,000,00 bushels. This would nearly equa the record 1942 crop.

Wheat

The prospective planted acreage of spring wheat of 19,805,00 acres is 15% above the 17,275,00 acres planted last year, and i nearly equal to the 10-year (1933-1942) average of 20,083,000 acres With wheat acreage restriction removed, and with more tha usual emphasis on wheat as a feed grain, the winter wheat seedings for 1944 harvest, as estimated i the December 1943 Report and the intended acreage of spring wheat total 66,932,000 acres, 21% above last year's seeded acreage and the largest since 1938.

The prospective increase in all spring wheat acreage is largely in spring wheat other than durum. The prospective acreage of durum wheat is only 67,000 acres or 3% more than last year, while the acreage of other spring wheat is nearly 2,500,000 acres or 16% greater. The expansion in spring wheat acreage is centered in the intensive hard red spring wheat States—Minnesota, North Dakota, South Dakota, Montana and Colorado. North Dakota leads, with intentions to expand spring wheat acreage nearly one-fifth this year. Except for a moderate increase in Idaho, the spring wheat acreage is not expected to increase in the Pacific Northwest, where winter wheat acreage was substantially increased and where winter losses have been light so far. The increase in spring wheat acreage was encouraged by two successive years of good yields. An increased proportion of the acreage will be planted to better adapted and higher yielding varieties.

Winter wheat was seeded last fall in the central and southern Great Plains States under unfavorable moisture conditions, which prevented seeding all the intended acreage. In this area much of the acreage was seeded in dry ground, and seeding was continued later than usual. Fall and early winter rains occurred too late to aid completion of seeding the full intended acreage. However, winter precipitation materially improved yield prospects, and acreage losses are now less than were expected last December. Subsoil moisture reserves in the Central Plains area, however, are insufficient to insure a good crop unless more than usual precipitation occurs between now and harvest time.

Wheat yields, both winter and spring, are dependent on subsequent weather conditions. However, assuming spring wheat yields per planted acre equal to those of the post-drought years 1937-41, by States, and including the estimate made last December for 1944 winter wheat production, the indicated 1944 all wheat production would be approximately 750 million bushels.

Oats

Prospective plantings of 46,170,000 acres of oats in 1944 are above plantings in any other year in two decades. Such an acreage would be 8% above the 42,858,000 acres planted in 1943 and 12% above the 1933-42 average. Increased plantings are expected in all but six States, and these are mostly minor producing States. In recent years rust damage has been material in many areas and the acreage has been curtailed. However, the comparatively recent introduction of rust resistant and higher yielding strains has added a new impetus to growing this crop. A need for more feed, the smaller requirements of labor and specialized equipment per unit of production, and relatively favorable prices in 1943 are major reasons for acreage increases this year.

In the North Atlantic group of States prospective plantings are 18% greater than last year. In the East North Central States an acreage increase of 6% is indicated. In oats production this group of States is second only to the West North Central group, where an increase of 9% is indicated for 1944.

In the South Atlantic States about 2% increase is expected. Unfavorable weather at seeding time last fall prevailed in parts of this group of States. Of the South Central group of States, Oklahoma had very dry soil at seeding time last fall and wet weather has delayed seeding this spring. The overall increase for the group is estimated to be 8%, with only one State, Alabama, reporting less acreage than a year ago. An increase of 14% is reported for Texas. In the Western States an increase of 2% is indicated, with Montana showing 10% less than a year ago, while California expects a 12% increase.

If five-year (1937-41) average State yields per planted acre are attained, the production in 1944 would be about 1,300,000,000 bushels—13% above a year ago and about 25% above the 1933-42 average production.

Barley

March 1 reports indicate the 1944 prospective planted acreage of barley to be considerably smaller than last year. Present prospects are that the 1944 acreage of winter and spring planted barley will be 15,074,000 acres, 13% below a year ago but about 5% above the 1933-42 average of 14,401,000 planted acres. This is the second consecutive year that the barley acreage has decreased, after having reached a peak in 1942. Although the present acreage is the lowest since 1938, it is still considerably above the 1929-38 level.

The prospective 1944 acreage shows decreases in all main producing States except California. Material decreases are shown for Minnesota and Kansas, and the Dakotas are down 7%. For Minnesota and the Plains States as a whole from North Dakota southward through Texas, the acreage this year is expected to be 15% below a year ago.

Acreage decreases this year appear to be a result of shifts toward larger wheat acreages which in turn reflect comparatively unfavorable experiences with barley during the past five years in many States. Winter killing of fall sown barley has been heavy and yields have been low because of the prevalence of scab and other diseases. The increasing importance of improved varieties of oats, especially in the northern Plains States, also has caused a considerable shift from barley to oats. On the other hand, acreage increases are shown this year in a few States, mostly in the West.

If growing conditions in 1944 result in State yields per planted acre about equal to the post-drought 5-year (1937-41) average, production of barley would amount to about 280,000,000 bushels—the smallest crop since 1939 and 13% below last year, but still considerably above the 10-year (1933-42) average.

Potatoes

Potato growers present plans point to a planted acreage in 1944 which will be 7.3% smaller than the acreage planted in 1943. According to March 1 reports, the prospective acreage for the United States in 1944 is 3,180,000 acres, compared with 3,429,700 acres planted in 1943 and the 10-year (1933-42) average of 3,135,800 acres. Although smaller than the acreage of 1943, the prospective 1944 acreage would be 14% larger than the 2,788,800 acres planted in 1942.

Contemplated decreases are rather general among the late and intermediate producing areas, with 33 of the 37 States showing smaller acreages for 1944 than in 1943. Of these 37 States, only California, Nevada, New Jersey, and Maryland show the probability of larger plantings than in 1943. For the 18 surplus late States as a group, growers' reports point to a 9.3% decrease for the 12 other late States, an 8% decrease; and for the seven intermediate States, a 4.7% decrease. The early potato States (California and 11 Southern States) appear to be maintaining their 1944 acreage near the level of 1943, with a decrease of only 1.6% indicated for the group. However, States in this early group show variations in prospective acreages ranging from a 25% decrease in Oklahoma to a 30% increase in California.

Decreased plantings in the late States reflect difficulties in harvesting and marketing the bumper 1943 crop and uncertainty of obtaining sufficient labor in 1944.

If a yield per acre about in line with the 5-year (1937-41) average is assumed for 1944, the prospective acreage would produce a crop of about 410,000,000 bushels. In 1943, when growing conditions were somewhat better than average, 464,656,000 bushels were harvested from the unusually large acreage. In 1942, production was 370,489,000 bushels; the 5-year (1937-41) average production was 361,218,000 bushels.

Hull, Stimson Apologize For Accidental Bombing Of Swiss City By American Planes

"Deep regret" was expressed by Secretary of State Hull on April 3 over "the tragic bombing by American planes of the Swiss city of Schaffhausen on April 1." Secretary Hull indicated that the United States "will make appropriate reparations" for the "unfortunate event." Washington advices April 3 to the New York "Times" reported that in addition to making a formal statement, Secretary Hull officially informed the Swiss Government of his position and said that John G. Winant, the American Ambassador in London, had made a similar expression of regret to the Swiss Legation there.

Mr. Hull's statement as given in the "Times" follows:

"I desire to express my own and all Americans' deep regret over the tragic bombing by American planes of the Swiss city of Schaffhausen on April 1.

"I have been in close touch with the Secretary of War regarding this matter and he tells me investigations which he has so far been able to complete indicate that in the course of operations against the Nazi war machine a group of our bombers, due to a chain of events negating the extensive precautions which had been taken to prevent incidents of this character, mistakenly flew over and bombed Swiss areas located on the north side of the Rhine.

"Secretary Stimson has expressed to me the deep regret which he and the American Air Forces feel over this tragedy. He has also asked me to assure the Swiss Government that every precaution will be taken to prevent in so far as is humanly possible the repetition of this unfortunate event. General Spaatz (commander of United States strategic bombing in Europe), accompanied by Ambassador Winant, has already called on the Swiss charge d'affaires in London and expressed the deep regret of himself and the men in his command at the accidental bombing of Schaffhausen.

"Naturally this Government will make appropriate reparations for the damage resulting from this unfortunate event in so far as that is humanly possible.

"I am informing the Swiss Minister in the foregoing sense and am instructing the American Minister in Berne to do likewise with the Swiss Government."

The same advices stated that Mr. Hull gave out the following telegram from Ambassador Winant, which he received on April 3:

"This noon General Spaatz and I called at the Swiss Legation and expressed to Mr. Giradet, who is charge d'affaires in the absence of the Minister, our deep regret at the accidental bombing of Schaffhausen by our Air Force. General Spaatz told Mr. Giradet how sincerely sorry our airmen were that this had happened."

Berne (Switzerland) Associated Press advices April 3 said the Federal Council donated 200,000 francs on that day for relief of victims of the American accidental bombing of Schaffhausen Saturday, and began planning measures to combat unemployment due to destruction of factories.

Under date of April 11, Associated Press advices from London stated:

American Minister Leland Harrison handed the Swiss government a check for $1,000,000 today as "the first installment" in compensation for damages in the mistake bombing of Schaffhausen by American planes April 1, the Swiss radio said.

More Relief Food For Greece Under New Plan

Food relief to Greece will be increased under a program announced on April 4, it was reported in Washington advices that day to the New York "Times," which added:

"The increases will bring food allotments to 31,200 tons monthly and add 2,000 tons of sugar for the current year. Previously the allotments had been 20,200 tons monthly, plus 2,000 tons of rice during January and February.

"The new schedules will provide monthly 24,000 tons of wheat, 4,700 tons of pulse, 1,000 tons of fish, 300 tons of soup, 600 tons of canned milk, 300 tons of vegetable stew mix, 300 tons of high protein spaghetti, as well as 2,000 tons of rice and 2,000 tons of sugar during the year.

"Up to 9,000 tons of wheat monthly will be provided initially as a gift from Argentina. Other additional foodstuffs will be supplied by the United States under lend-lease. To carry out the program the Swedish Government will make available three additional ships, chartered out of lend-lease funds.

"The question of supplying food for children in Yugoslavia was discussed with Secretary of State Cordell Hull today by Constantin Fotitch, the Yugoslav Ambassador. No decision was announced."

Newly Created Argentine Bank Will Offer Loans To Aid Industrial Development

Under date of April 5, Associated Press advices from Buenos Aires stated:

"The Argentine Government announced today creation of Bank for Industrial Credit (Banco de Credito Industrial Argentino) to provide long-term loans to industrial enterprises in order to develop the nation's resources and economy.

"The bank is capitalized at 50,000,000 pesos (about $12,500,000), and Federal Bank is authorized to lend it an additional 100,000,000 pesos. Borrowers may obtain five-year loans with the privilege of renewal for an additional five years."

Committee On Post-War Business Problems Established By Midland Bank Of London

Incident to plans for developing British trade at home or in overseas markets, the Midland Bank, Ltd., of London, has recently made known steps which have been taken to this end. The establishment within the bank of a Committee on Post-war Business Problems was announced by Mr. Stanley Christopherson, Chairman of bank, in his statement to the shareholders in January, at which time he stated that the action was taken "in an attempt to foresee and prepare for the difficulties which will confront our business customers and ourselves in the period of transition from war to peace economy."

Mr. Christopherson also said in part:

"We believe that, notwithstanding the many uncertainties in the outlook, an effort of foresight and preparedness will prove helpful in overcoming the problems that will arise and in promoting that expansion of trade and enterprise at home and abroad which is indispensable to the attainment and maintenance of healthy economic conditions. . . .

"Looking to the future, we hold the conviction that the economic progress of the country will depend very largely on the enterprise and resourcefulness of the small business undertaking and the individual business man, in whatever branch of industry or trade. Too often in the past these qualities have been stultified or misdirected through inadequacy of financial resources, and it is of the very first importance that this obstacle should be removed as part of the preparation for the process of industrial reconstruction and expansion, with due emphasis on the special needs of the country in the export trade. We are earnestly studying possibilities of so improving or widening our banking service, always presupposing the maintenance of cheap money as a primary essential, as to furnish the fullest possible support for promising enterprises under good auspices—support which shall be based as much upon the character, integrity and business capacity of the borrower as upon the extent and nature of his own material resources."

The bank has also taken cognizance of the fact that already the re-settlement in civilian life of men discharged from the Forces is calling for such facilities, which in a number of cases have actually been granted. A month ago it announced that in view of this demand, which will doubtless expand, it has been decided that Alexander Woods, T. D., D. L., a Joint General Manager of the Bank, will henceforth devote his full time to the development of the type of service indicated. The bank adds that Mr. Woods has had close contact with industry, trade and agriculture in various parts of the country and has enjoyed special opportunities for studying the financial requirements of smaller undertakings in particular.

N. Y. U. Plans Institute On Collective Bargaining And Wage Incentives

A two weeks institute for personnel directors of industrial concerns and executives of labor unions on the subject of collective bargaining and wage incentives has been organized by the Division of General Education of New York University to begin Monday, April 24, it was announced on April 8 by Prof. Paul A. McGhee, Acting Director of the Division.

The purpose of the institute, according to Prof. Ray F. Harvey, Executive Secretary of the University's program for training personnel specialists and co-director of the institute, is to discuss what a business man or a union representative can and can not do as a result of collective agreements and wage incentive plans.

"Although collective bargaining is a familiar process in American industry and government, the precise working-out and the implications of the collective agreement resulting from collective bargaining have not been thoroughly studied either by labor or management." Professor Harvey said. "The implementation of the collective agreement in the day-to-day operation of a plant or business has a very significant bearing on the whole production process. For the most effective management, many executives need a more detailed knowledge than they now possess of the content and meaning of the terms of the collective agreement." He added:

"Closely related is the pressing need for objective and practical 'measuring sticks' in the determination of the relative wage values of jobs. Job analysis, job evaluation and classification, efficiency rating systems, and wage-incentive plans are techniques of satisfactory wage and salary administration. The impact of government wage control, especially through the War Labor Board, has high-lighted the value of these techniques both to management and to unions. Employers have found that mere wage increases are not in and of themselves sufficient to satisfy most employees. To be satisfactory, the system of wage increases must be administered properly and effectively. How to administer a wage plan in order to secure full utilization of manpower is of primary importance to management and labor today."

Lecturers at the institute will include Herman A. Gray, Associate Professor of Law and Chairman of the New York State Unemployment Advisory Council; Charles W. Lytle, Associate Professor of Industrial Engineering and an arbitrator for the American Arbitration Association; and Emanuel Stein, Professor of Economics, Acting Director of the New York University Graduate Division for Training in Public Service and a member of the Regional War Labor Board.

Le Vino Director Of Commerce Ind. Assn.

Gerald LeVino, Vice-President of Guiterman Company, Inc., for several years Chairman of the Foreign Trade Committee of the Commerce and Industry Association of New York, has been named a Director of the Association, Secretary Thomas Jefferson Miley announced on April 18. Mr. LeVino, widely known in foreign trade circles, entered the Guiterman Company in 1908. The company was established in New York and London in 1876 as foreign sales agents and distributors for American manufacturers, maintaining offices and representatives in Europe, the British Empire, Latin America and other world markets. More recently Mr. LeVino has served in advisory capacity to many governmental departments and bureaus, including Trade Advisory Committee to the Department of the Interior and Exporters Advisory Committee to the Office of Export-Import Price Control.

Steel Output At New High Peak—Mills Sold Far Ahead—Demand For Shell Steel Mounts

"Steel ingot production schedules spurted this week to an all-time tonnage peak as pressure from war agencies mounted," says "The Iron Age" in its issue of today (April 27), which further adds:

"Large new inquiries for shell steel and added demand for quick delivery lend-lease, semi-finished steel have tightened mill schedules during the past few days. It is reported that several producers have queried WPB on how to rearrange schedules already booked at 110% of capacity for the next six months to take care of impending shell directives.

"The rapidly mounting demand for shell steel is expected to reach a crescendo in October when requirements will be about double those of March. Because the impact of this program is heaviest in the larger size billets, certain mills equipped to make these large sizes will share in the program to a much greater extent than others. The shell program is so heavy in nature and involves so much slow-cooled material that it may well effect the production of rail and structural steels in coming months.

"Meanwhile the steel industry began presentation of its case before the steel-wage panel of the National War Labor Board in Washington with vigorous statements by B. F. Fairless and Lauson Stone. At the same time it was reported in Washington that if WLB grants the steel workers more than seven cents an hour wage increase, the steel industry will be entitled to an across-the-board raise for all steel products under OPA regulations.

"This OPA policy was announced by Deputy Price Administrator James F. Brownlee before the House Banking and Currency Committee. He said OPA grants general price increases whenever the profits of an industry sink below the level of the base period. Annual profits in the base period, taking into account the fact that OPA is getting financial data from 26 companies which represent 80% of the industry, were $116,900,000. An eight-cent per hour wage increase would cost the industry about $108,563,000, including overtime for wage earners and salaried workers.

"OPA agreed, as previously reported, that the prices of rails, structurals, bars, strip and sheet be increased. Announcement, however, has been delayed. In line with the OPA policy of compensatory adjustment, it is said that maximum analysis extras for NE steels of 8600-8700 series will be decreased along with prices for rolled armor plate, propeller-blade steel and for bullet-core steel.

"Marking the first rise in a year, machine tool shipments in March were valued at $50,799,000, an increase of nearly 1.5% over the $50,098,000 total in February, according to a preliminary report issued by the WPB Tools Division. The backlog of unfilled orders at the end of March was valued at $153,079,000, a decrease of 6.9% from the end of February.

"Maritime Commission plate requirements have been substantially reduced for June and July. This, for the most part, will be put into increased sheet production starting in June, but not all of the reduction in plates will be used to make sheets.

"The order which restricted civilian production in 183 production areas, Staff Memorandum No. 42, issued by L. R. Boulware, WPB Director of Industry Operations, was withdrawn on April 24.

"Reconversion plans of General Motors Corp. have been laid before the House Post-War Committee in Washington, and among other things provide for prompt ordering of materials for 1,000,000 cars, trucks and other GM products at the war's end. Initial peacetime production will consist of 1942 models."

The American Iron and Steel Institute on April 24 announced that telegraphic reports which it has received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 100% of capacity (a new high record) for the week beginning April 24, compared with 99.5% one week ago, 99.1% one month ago and 100% one year ago. The operating rate for the week beginning April 24 is equivalent to 1,791,300 tons of steel ingots and castings, compared to 1,782,300 tons (the previous high level) one week ago, 1,775,200 tons one month ago and 1,731,700 tons one year ago. The peak in 1943 was reached during the week beginning Oct. 11, when the operating rate was equivalent to 1,781,300 tons.

"Steel" of Cleveland, in its summary of the iron and steel markets, on April 24 stated in part as follows:

"Hope that more steel will be immediately available for civilian use is not being met by current conditions and until the pattern of requirements after the invasion of Europe becomes well defined there seems no likelihood of war needs diminishing to an extent that will release steel for other than war purposes.

"At present, with the year one-third gone, flat-rolled steel orders cover nearly all capacity almost to the end of the year and in other products, bars, wire and the like, backlogs are being increased.

"Due to the fluidity of war requirements emphasis on various products is shifting constantly. At the same time Washington is disposed to use directives only as a last resort. Every pressure is being put on contractors and subcontractors to exhaust all possible sources of supply, surplus steel and warehouses, before directives are allowed. Nevertheless, many directives are found necessary to obtain wanted delivery, resulting in considerable rescheduling and confusion.

"In advance of the actual invasion military procurement agencies are preparing for all possible contingencies and are building up supplies at top speed. Promptness or delay in establishing a foothold in Europe will affect the nature of further needs of the armed forces and have a strong affect on demand for various types of steel.

In spite of fears in some quarters that scrap supply may be short in coming months no signs of an immediate crisis have appeared and supply is sufficient for current needs.

"Wire requirements are pressing producers and books are filled far ahead. Third quarter schedules are filled in the case of many forms of wire and new tonnage exceeds shipments."

FDR Designates May 21 "I Am An American Day"

Under authority of an Congressional resolution, President Roosevelt has issued a proclamation designating May 21 as "I Am An American Day." In his proclamation the President urged that exercises be held throughout the nation on that day "to assist our citizens, both native-born and naturalized, to understand more fully the great privileges and responsibilities of citizenship in our democracy." The proclamation also said:

"Our nation has been enriched, both spiritually and materially, by the naturalization of many thousands of foreign-born men and women and by the coming of age of great numbers of our youth, who have thereby achieved the full stature of citizenship, and these citizens have strengthened our country by their services at home and on the battlefield."

The Way To Establish Prosperity Is To Produce More: Green

(Continued from first page)

splendid cooperation.

"Now we want to re-enlist for the post-war period. We urge the Government to accept our willing services.

"Would it not be to the advantage of the Government and of the nation as a whole to accept this offer? If people are willing and anxious to go out and do a job, isn't that better than to have to order them and force them to work?

"I say to you out of deep conviction that far better and quicker results will be obtained if the functional groups in our economic life are given the opportunity to reach prior agreements and understandings on basic policies and methods of procedure than if the official policies and methods are decided upon without the consultation and advice of these groups and are promulgated by bureaucratic directive.

"Let no one fear that if labor, industry and agriculture are given their rightful voice in the formulation of Government policies which they will be required to carry out, the public interest will suffer.

"I know it is the fashion in some quarters to castigate the programs of labor, industry and agriculture as the programs of pressure groups. That is the attitude of those who have no confidence in democracy. The workers, the farmers and the business men of America are not pressure groups —they are America. They represent all the people of America. And one of the great achievements of this conference is the voluntary commitment underlying all our discussions that not a single one of these groups will deliberately seek selfish advantage in the post-war program. We realize that the selfish approach will defeat all our ends. We know that everything we hope and dream and plan for can be wrecked if the nation's post-war effort degenerates into a mad scramble for temporary and narrow preferment.

"The only way labor, industry and agriculture can help themselves is by helping America to get back on its feet as soon as possible in the post-war period. We all recognize this truth and all our plans and programs are based upon it.

"One of the important considerations which we must keep in mind is that what we do now will determine to a large extent the success of our post-war effort. There must be close coordination of the war mobilization and the post-war reconversion programs. The demobilization of industry and the armed forces must be effectively timed and coordinated with the resumption and expansion of our civilian industries. Abrupt cessation of war production and widespread disemployment before we are ready to reconvert, reconstruct and reemploy would be disastrous.

"No one realizes more clearly than I the difficulties inherent in the change-over from a wartime to a peacetime economy which we will have to undertake in due course. Because of those tremendous and inescapable difficulties, we must prepare now to act swiftly and efficiently when the time comes. The sooner we can get the process started, the simpler our problems will be.

"Therefore, the American Federation of Labor recommends that Congress establish immediately the necessary machinery of Government to supervise the change-over program, to line up peace production programs which can promptly take up the slack of war production and to facilitate and expedite the reconversion of war industries. We insist, in accordance with democratic precepts, that labor, industry and agriculture be given full representation on the economic adjustment agencies set up by Congress.

"At best, the reconversion program cannot be expected to keep pace with the demobilization process. Therefore it is extremely urgent that Congress adopt amendments to the Social Security Act to tide the American people over the period when there will not be enough jobs to go around. The key provision in such legislation must be the establishment of a Federal system of unemployment compensation under which disemployed war workers and demobilized servicemen can derive sufficient income, in accordance with their family responsibilities, to carry them over the transition period to the time when jobs will be available for them.

"The best and only permanent form of social security is a good job at good pay. Labor recognizes that fact. But we ask industry to understand and acknowledge that the stability of our economy and the security of our free enterprise system depend in a large measure upon the extension of a full measure of social insurance to the American people. Only through the stabilizing effects of such social insurance can the sudden tailspins of our economy be overcome without danger of a crash.

"Furthermore, the Government, in cooperation with cities and towns throughout the nation, must plan and prepare now a comprehensive public works and housing program which can be put into operation without delay during the emergency period and help create temporary employment until private industry can assume its long-range responsibilities in this regard.

"Finally, we come to the fundamental responsibility of private industry itself to move boldly and daringly the moment the Government flashes the green light on the road to maximum expansion of peace-time civilian production. Here is where our free enterprise system faces its crucial test. If business and industry respond whole-heartedly to the needs of America when the call comes they will fortify their own future and justify our faith in the free enterprise system. Labor will do everything in its power to assist in the process and to give American industry a helping hand in the attainment of our common goal.

"I have now outlined the highlights of the American Federation of Labor's post-war program in the domestic and international spheres as it has been presented during this conference.

"This program offers great hope and promise for the future. It is based upon the foundation stones of Justice, Democracy and Freedom. It reflects, I am convinced, the will and the desires of the American people. I know that it will inspire you and the workers you represent to proceed with the immediate tasks of winning the war with renewed vigor and determination and that it will encourage you with new confidence in the ability of the American people and people of good will in all parts of the world to build a finer, a freer and a more secure life for humanity after we have won the war and won the peace."

Fales On War Labor Board

It was announced on April 20 that Frederick S. Fales had been appointed by President Roosevelt as a member of the War Labor Board to represent industry.

Rand McNally Directory Shows More Large Bks.

The first 1944 edition of the Rand McNally Bankers Directory, the "Blue Book," which has just been published, shows the rapid movement of the smaller banks into higher brackets. Sixteen billion dollar banks are now found from coast to coast—New York (10), Boston (1), Detroit (1), Chicago (2), Los Angeles (1) and San Francisco (1).

On June 30, 1939, we had 2,871 banks with total resources under $250,000. On Dec. 30, 1943, there were only 440 in this classification, only one-seventh as many. At the same time, the number of banks in higher classification with 25 million dollars and over of resources increased from 384 to 607. The total resources of all banks has not quite doubled, but it has increased $54,814,309,000 in the last five years.

In the comparison of consolidated statements of American banks it is discovered that bank deposits are the highest in bank history—over $118,000,000,000. This is almost exactly twice what they were five years ago. The holdings of Government bonds are more than four times what they were five years ago, while the holdings of other securities are less. Loans show an increase over June 30, 1943, as well as an increase over Dec. 30, 1937. Surplus shows an increase, but capital remains almost the same.

The first 1944 edition of the "Blue Book," revised to March, 1944, and containing 2,589 pages of banking and financial information, includes the latest available statements, new executive personnel and directors' lists, nearest banking points to all non-bank towns, a five-year list of discontinued bank titles, all bank associations and Government banking agencies and the FDIC status of all banks. A separate bound book listing the attorneys for every bank town accompanies each copy of the directory. Latest maps of each state and all foreign countries adds a great deal to the information and reference value of the book.

Fleming Elected President Of Reserve City Bankers

Robert V. Fleming, President of the Riggs National Bank of Washington, D. C., was elected President of the Reserve City Bankers Association at a meeting of the Association in Chicago on April 14. Walter Kasten, President of the First Wisconsin National Bank of Milwaukee, was elected Vice-President. The Washington "Post" of April 15 stated:

Elected as directors of the association were Vance J. Alexander, President of the Union Planters National Bank & Trust Co., Memphis; James Lochead, President of the American Trust Co., San Francisco; Harry Augustine, President of State-Planters Bank, Richmond, Va., and Hugh McGee, Vice-President of the Bankers Trust Co., New York.

Alloy Steel Output In March Off From 1943

Production of alloy steels during March totaled 952,287 tons, about 12% of total steel production during that month, according to a report by the American Iron and Steel Institute. In February, 905,131 tons of alloy steel were produced. In March a year ago alloy steel production reached a monthly peak of 1,283,709 tons, or 17% of total steel output.

Open hearth furnaces produced 626,607 tons of alloy steel in March. The remaining 325,680 tons of alloy steel production came from electric furnaces.

Consumer Credit Lower In February

The Board of Governors of the Federal Reserve System announced on March 31 that consumer credit outstanding at the end of February is estimated at $4,674,000,000, representing a decrease of about $150,000,000 during the month. About one-half of this reduction is attributable to the usual seasonal decrease in charge-account indebtedness. The Board's announcement further stated:

"Automotive sale credit remained at about the January level and amounted to less than half the volume outstanding at the end of February, 1943. Instalment sale credit based on other consumers' durable goods declined somewhat more than is customary from January to February. The principal decline was in instalment accounts at furniture and department stores.

"Instalment loans outstanding decreased at a less rapid rate in February than in the preceding month, and at the end of the month were about 16% below those on the corresponding date last year.

"Charge-account indebtedness declined 6% in February, or by about the usual seasonal amount. Accounts receivable at the end of the month were nearly 9% below the level of a year ago."

CONSUMER CREDIT OUTSTANDING

(Short-term credit. In millions of dollars. Figures estimated)

	Feb. 29, 1944	Increase or decrease from: Jan. 31, 1944	Increase or decrease from: Feb. 28, 1943
*Total consumer credit	4,674	—152	—831
Instalment sale credit:			
Automotive	167	— 2	—184
Other	540	— 36	—299
†Instalment loans	1,078	— 13	—211
Charge accounts	1,218	— 76	—115
Single-payment loans	967	— 29	— 71

*Includes service credit not shown separately. †Includes repair and modernization loans. Estimates for these credits are in process of revision.

Latest Summary Of Copper Statistics

The Copper Institute on April 11 released the following statistics pertaining to production, deliveries and stocks of duty-free copper:

SUMMARY OF COPPER STATISTICS REPORTED BY MEMBERS OF THE COPPER INSTITUTE

(In Tons of 2,000 Pounds)

U. S. Duty Free Copper	Production *Crude	Production Refined	Deliveries to Customers †Domestic	Deliveries to Customers Export	‡Refined Stocks End of Period	Stock Increase (+) or Decreases (—) Blister	Stock Increase (+) or Decreases (—) Refined
Year 1939	836,074	818,289	814,407	134,152	159,485	+17,785	—130,270
Year 1940	992,293	1,033,710	1,001,886	48,537	142,772	—41,417	— 16,713
Year 1941	1,016,996	1,065,667	1,545,541	307	75,564	—48,671	— 67,208
Year 1942	1,152,344	1,135,708	1,635,236	----	65,309	+16,636	— 10,255
§Year 1943	1,194,732	1,206,871	1,643,677	----	52,121	—12,139	— 13,188
3 Mos. 1944	293,375	279,027	382,394	----	37,259	+14,348	— 14,862
July, 1943	100,456	105,589	129,631	----	55,097	— 5,133	— 610
Aug., 1943	97,413	100,077	147,135	----	53,726	— 2,664	— 1,371
Sep., 1943	98,867	98,333	141,111	----	45,844	+ 534	— 7,882
Oct., 1943	102,589	97,274	129,212	----	47,148	+ 5,315	+ 1,304
Nov., 1943	99,340	102,136	138,881	----	52,027	— 2,796	+ 4,879
§Dec., 1943	98,601	104,644	115,850	----	52,121	— 6,043	+ 94
Jan., 1944	95,902	92,781	101,779	----	45,800	+ 3,121	— 6,321
§Feb., 1944	96,263	87,128	124,532	----	36,489	+ 9,135	— 9,311
Mar., 1944	101,210	99,118	156,083	----	37,259	+ 2,092	+ 770

*Mine or smelter production or shipments, and custom intake including scrap.

†Beginning March, 1941, includes deliveries of duty paid foreign copper for domestic consumption.

‡At refineries, on consignment and in exchange warehouses, but not including consumers' stocks at their plants or warehouses.

§Corrected.

Electric Output For Week Ended April 22, 1944 Shows 10.7% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended April 22, 1944, was approximately 4,344,188,000 kwh., compared with 3,925,175,000 kwh. in the corresponding week a year ago, an increase of 10.7%. The output for the week ended April 15, 1944, was 10.0% in excess of the similar period of 1943.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended— Apr. 22	Week Ended— Apr. 15	Week Ended— Apr. 8	Week Ended— Apr. 1
New England	3.3	3.3	4.0	4.0
Middle Atlantic	7.9	6.1	9.1	11.1
Central Industrial	8.0	7.2	9.0	10.9
West Central	6.0	2.8	5.4	8.6
Southern States	10.3	10.7	13.2	13.4
Rocky Mountain	5.1	5.7	6.5	4.5
Pacific Coast	27.0	26.9	30.2	29.7
Total United States	10.7	10.0	12.3	13.3

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1944	1943	% Change over 1943	1942	1932	1929
Jan. 1	4,337,387	3,779,993	+14.7	3,288,685	1,619,265	1,542,000
Jan. 8	4,567,959	3,952,587	+15.6	3,472,579	1,602,482	1,733,810
Jan. 15	4,539,083	3,952,479	+14.8	3,450,468	1,598,201	1,736,721
Jan. 22	4,531,662	3,974,202	+14.0	3,440,163	1,588,967	1,717,315
Jan. 29	4,523,763	3,976,844	+13.8	3,468,193	1,588,853	1,728,203
Feb. 5	4,524,134	3,960,242	+14.2	3,474,638	1,578,817	1,726,161
Feb. 12	4,532,730	3,939,708	+15.1	3,421,639	1,545,459	1,718,304
Feb. 19	4,511,562	3,948,749	+14.3	3,423,589	1,512,158	1,699,250
Feb. 26	4,444,939	3,892,796	+14.2	3,409,907	1,519,679	1,706,719
March 4	4,464,686	3,946,630	+13.1	3,392,121	1,538,452	1,702,570
March 11	4,425,630	3,944,679	+12.2	3,357,444	1,537,747	1,687,229
March 18	4,400,246	3,946,836	+11.5	3,357,032	1,514,553	1,683,262
March 25	4,409,159	3,928,170	+12.2	3,345,502	1,480,208	1,679,589
April 1	4,408,703	3,889,858	+13.3	3,348,608	1,465,076	1,633,291
April 8	4,361,094	3,882,467	+12.3	3,320,858	1,480,738	1,696,543
April 15	4,307,498	3,916,794	+10.0	3,307,700	1,469,810	1,709,331
April 22	4,344,188	3,925,175	+10.7	3,273,190	1,454,505	1,699,822
April 29	------	3,866,721		3,304,602	1,429,032	1,688,434

Lord Catto Elected Gov. Of Bank Of England

The formal election by the directors of the Bank of England, of Lord Catto as Governor of the Bank, occurred on April 18, it was announced in United Press accounts from London. As indicated in our issue of April 13, page 1523, Lord Catto has been chosen to succeed Montagu Norman, who resigns owing to ill-health.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table:

MOODY'S BOND PRICES†

(Based on Average Yields)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Corporate by Ratings* Aa	Corporate by Ratings* A	Corporate by Ratings* Baa	Corporate by Groups* R. R.	Corporate by Groups* P. U.	Corporate by Groups* Indus.
Apr. 25	119.59	111.62	118.40	116.61	111.44	101.01	105.17	113.70	116.41
24	119.70	111.62	118.40	116.61	111.44	101.31	105.17	113.70	116.41
22	119.75	111.62	118.40	116.61	111.44	101.31	105.17	113.70	116.41
21	119.75	111.62	118.40	116.41	111.62	101.31	105.17	113.70	116.41
20	119.78	111.62	118.20	116.61	111.62	101.14	105.17	113.70	116.41
19	119.82	111.62	118.20	116.41	111.62	101.14	105.00	113.70	116.41
18	119.86	111.62	118.20	116.61	111.62	101.31	105.17	113.70	116.41
17	119.86	111.81	118.40	116.61	111.62	101.31	105.17	113.70	116.61
15	119.86	111.62	118.20	116.61	111.62	101.14	105.17	113.70	116.41
14	119.86	111.62	118.20	116.61	111.44	101.14	105.17	113.70	116.41
13	119.90	111.44	118.20	116.61	111.44	100.98	105.00	113.70	116.22
12	120.02	111.62	118.20	116.80	111.44	101.14	105.17	113.70	116.41
11	119.94	111.62	118.20	116.80	111.44	101.14	105.00	113.70	116.41
10	119.83	111.62	118.20	116.61	111.44	101.14	104.83	113.70	116.41
8	119.81	111.44	118.20	116.61	111.44	100.98	104.83	113.70	116.22
7	—Exchange Closed—								
6	119.81	111.44	118.20	116.61	111.44	100.98	104.83	113.89	116.22
5	119.79	111.44	118.20	116.41	111.44	100.81	104.66	113.70	116.22
4	119.77	111.44	118.40	116.41	111.44	100.81	104.66	113.70	116.41
3	119.70	111.44	118.40	116.41	111.44	100.81	104.66	113.70	116.41
1	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
Mar. 31	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
24	119.86	111.44	118.20	116.61	111.44	100.81	104.66	113.89	116.41
17	120.14	111.44	118.20	116.61	111.25	100.65	104.66	113.70	116.41
10	120.26	111.44	118.20	116.41	111.25	100.81	104.48	113.70	116.41
3	120.44	111.25	118.20	116.61	111.25	100.49	104.31	113.70	116.41
Feb. 25	120.21	111.25	118.20	116.41	111.07	100.32	104.31	113.50	116.22
18	119.96	111.25	118.40	116.41	111.07	100.49	104.31	113.50	116.41
11	119.69	111.25	118.40	116.22	111.25	100.49	104.31	113.50	116.41
4	119.45	111.25	118.40	116.22	111.25	100.49	104.14	113.50	116.61
Jan. 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41
21	119.58	111.25	118.40	116.41	111.07	100.16	104.31	113.31	116.41
14	119.57	111.25	118.60	116.41	111.25	99.84	104.14	113.50	116.41
7	119.69	111.07	118.60	116.41	111.07	99.36	103.80	113.50	116.22
High 1944	120.44	111.81	118.80	116.80	111.62	101.31	105.17	113.89	116.61
Low 1944	119.41	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
1 year ago	118.23	109.79	118.00	115.43	110.52	96.69	101.14	113.12	115.63
2 years ago	117.78	106.74	116.22	113.31	107.62	92.06	96.69	110.70	113.89

MOODY'S BOND YIELD AVERAGES

(Based on Individual Closing Prices)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Corporate by Ratings* Aa	Corporate by Ratings* A	Corporate by Ratings* Baa	Corporate by Groups* R. R.	Corporate by Groups* P. U.	Corporate by Groups* Indus.
Apr. 25	1.84	3.08	2.73	2.82	3.09	3.67	3.44	2.97	2.83
24	1.83	3.08	2.73	2.82	3.09	3.67	3.44	2.97	2.83
22	1.83	3.08	2.73	2.82	3.09	3.67	3.44	2.97	2.83
21	1.83	3.08	2.73	2.83	3.08	3.67	3.44	2.97	2.83
20	1.83	3.08	2.74	2.82	3.08	3.68	3.44	2.97	2.83
19	1.82	3.08	2.74	2.83	3.08	3.68	3.45	2.97	2.83
18	1.82	3.08	2.74	2.82	3.08	3.67	3.44	2.97	2.83
17	1.82	3.07	2.73	2.82	3.08	3.67	3.44	2.97	2.82
15	1.82	3.08	2.74	2.82	3.08	3.68	3.44	2.97	2.83
14	1.82	3.08	2.74	2.82	3.09	3.68	3.44	2.97	2.83
13	1.82	3.09	2.74	2.82	3.09	3.69	3.45	2.97	2.84
12	1.81	3.08	2.74	2.81	3.09	3.68	3.44	2.97	2.83
11	1.82	3.08	2.74	2.82	3.09	3.68	3.45	2.97	2.83
10	1.82	3.08	2.74	2.82	3.09	3.68	3.46	2.97	2.83
8	1.83	3.09	2.74	2.82	3.09	3.69	3.46	2.97	2.84
7	—Exchange Closed—								
6	1.83	3.09	2.74	2.82	3.09	3.69	3.46	2.96	2.84
5	1.83	3.09	2.74	2.83	3.09	3.70	3.47	2.97	2.84
4	1.83	3.09	2.73	2.83	3.09	3.70	3.47	2.97	2.83
3	1.83	3.09	2.73	2.83	3.09	3.70	3.47	2.97	2.83
1	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
Mar. 31	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
24	1.82	3.09	2.74	2.82	3.09	3.70	3.47	2.96	2.83
17	1.80	3.09	2.74	2.82	3.10	3.71	3.47	2.97	2.83
10	1.81	3.09	2.74	2.83	3.10	3.70	3.48	2.97	2.83
3	1.80	3.10	2.74	2.82	3.10	3.72	3.49	2.97	2.83
Feb. 25	1.81	3.10	2.74	2.83	3.11	3.73	3.49	2.98	2.84
18	1.83	3.10	2.73	2.83	3.11	3.72	3.49	2.98	2.83
11	1.85	3.10	2.73	2.84	3.10	3.72	3.49	2.98	2.83
4	1.87	3.10	2.73	2.84	3.10	3.72	3.50	2.98	2.82
Jan. 28	1.87	3.11	2.74	2.84	3.11	3.74	3.50	2.99	2.83
21	1.86	3.10	2.73	2.83	3.11	3.74	3.49	2.99	2.83
14	1.86	3.10	2.72	2.83	3.10	3.76	3.50	2.98	2.83
7	1.85	3.11	2.72	2.83	3.11	3.79	3.52	2.98	2.84
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944	1.79	3.07	2.71	2.81	3.08	3.67	3.44	2.96	2.82
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
1 year ago	1.99	3.18	2.75	2.88	3.14	3.96	3.68	3.00	2.87
2 years ago	1.99	3.35	2.84	2.99	3.30	4.27	3.96	3.13	2.96

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Expenditure For Building Maintenance And Repair Expected To Be Lower

Owing to the wartime shortage of many building materials and of manpower, expenditures for maintenance and repair of residential and other construction during the current year are expected to be about 17% less than in 1943, according to a statement by James W. Follin, Managing Director of The Producers' Council, based on a report by the Council's Market Analysis Committee made public April 15.

The estimated expenditure of $3[illegible] billion for 1944 would be less than in any year since 1939, in spite of the great accumulated demand for repair work on the part of home owners, business concerns, and others, Mr. Follin said. It is likewise stated:

"The Committee estimated that expenditures for maintenance and repair will rise to $3.9 billion during the first 12 months after the war, but even this total, which is higher than in any preceding year, will not be large enough to enable property owners to catch up with all necessary repairs," Follin stated. As a result, expenditures for this purpose during the next five postwar years are estimated at the unprecedented figure of $5.4 billion annually, on the average.

"It is believed that the amount of building materials and equipment available for repair and maintenance during the first postwar year will be reduced by the heavy demands for building products needed in new construction enterprises, particularly for the erection of new dwelling units.

"The estimated volume of repair and maintenance for the current year is greater, in proportion to the amount of new construction, than in any preceding year. However, it represents only part of the actual need, which is greater than usual on account of the abnormally intensive use being made of existing structures and the inability to replace or renovate them under wartime conditions.

"Adding the estimated $4.6 billion of new construction to the expenditures for maintenance and repairs, the total value of new construction and maintenance during 1944 would amount to $7.6 billion, or slightly more than one-third of the estimated average for the five-year period following the war, which will be $21.6 billion, according to the Committee's forecast. The latter figure is based on the assumption that the cost of construction during the period in question will be 30% higher than in 1940."

Manufacturers of building materials and equipment would be required to produce materials and equipment at the rate of almost $10 billion annually to meet the average demand during the five years, Mr. Follin said, pointing out, however, that this total does not include a large additional quantity of building equipment, such as stoves, refrigerators, and bathtubs needed to replace those now in use.

The forecasts were contained in a report entitled "How to Plan Now for Tomorrow," issued by The Council to assist building product manufacturers in estimating the probable postwar demand for their products.

500,000,000th Series "E" Bond Is Purchased

The 500,000,000th Series "E" Bond was purchased somewhere in the United States, Secretary Morgenthau announced on April 2. "This means," he said, "that on 500,000,000 separate occasions a patriotic American made a voluntary decision not to spend his money but to let the Government borrow it to buy the endless variety of war materials being used by our fighting men all over the world." He added:

"The men on the fighting fronts feel pretty good about the way the people back here have participated in the Bond program. A half-billion individual 'E' Bonds in less than three years is a good record, and proof that we weren't wrong in depending upon the people to back up the war voluntarily. But the most important thing to consider is that individuals are buying more and more Bonds in every war loan drive. In the $16,000,000,000 Fifth War Loan, the individual goal will be higher than ever before."

The Secretary said that 55,000,000 Americans have bought at least one Bond—an average of more than one Bond owner for every family in the country. "Individuals," he said, "have invested $32,500,000,000 in War Bonds since May 1, 1941, and seven out of every ten Americans on a payroll are putting some part of their pay into War Bonds." Surveys made to ascertain the main reasons why people buy Bonds prove, according to the Secretary, that the patriotic impulse is far and away the most compelling reason. "People want to back up the men at the front, and this is a good way to do it," the Secretary concluded.

Moody's Daily Commodity Index

Tuesday, April 18		249.6
Wednesday, April 19		249.8
Thursday, April 20		249.9
Friday, April 21		249.7
Saturday, April 22		249.6
Monday, April 24		250.0
Tuesday, April 25		249.9
Two weeks ago, April 11		250.3
Month ago, March 25		251.3
Year ago, April 24		246.9
1943	High, April 1	249.3
	Low, Jan. 2	240.2
1944	High, March 17	251.5
	Low, Jan. 5	247.0

National Fertilizer Association Commodity Price Average Registers A Fractional Decline

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public on April 24, declined to 136.9 in the week ending April 22 from 137.1 in the preceding week. A month ago this index registered 137.2 and a year ago 135.7, based on the 1935-1939 average as 100. The index has risen only 0.3% since the first of the year and is now 0.9% above the corresponding week of 1943. The Association's report continued as follows:

The foods group remained unchanged from last week and still continues below the level of the corresponding period of 1943. There was a fractional decline in the farm products group as lower prices for hogs were more than sufficient to offset silghtly higher prices in live fowls and some cattle. The slightly rising prices for rye were not sufficient to change the grains index number which has remained at the same level for 14 consecutive weeks. A marked decline in raw cotton caused a further decline in the textiles group. None of the other group averages changed during the week.

Price changes were evenly balanced for the third consecutive week as three series advanced and three declined; in the preceding week there were four advances and four declines; and in the second preceding week there were three advances and three declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Apr. 22, 1944	Preceding Week Apr. 15, 1944	Month Ago Mar. 25, 1944	Year Ago Apr. 24, 1943
25.3	Foods	138.4	138.4	137.9	139.5
	Fats and Oils	146.1	146.1	146.1	147.7
	Cottonseed Oil	159.6	159.6	159.6	159.0
23.0	Farm Products	156.0	156.7	157.0	154.2
	Cotton	198.9	200.9	202.1	201.5
	Grains	164.8	164.8	164.8	142.5
	Livestock	146.1	146.9	147.1	149.2
17.3	Fuels	130.1	130.1	130.1	122.2
10.8	Miscellaneous commodities	132.2	132.2	132.2	130.4
8.2	Textiles	152.0	152.3	152.2	151.4
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.4	152.4	152.4	152.2
1.3	Chemicals and drugs	127.7	127.7	127.7	126.6
.3	Fertilizer materials	117.7	117.7	117.7	117.9
.3	Fertilizers	119.7	119.7	119.7	119.8
.3	Farm machinery	104.2	104.2	104.2	104.1
100.0	All groups combined	136.9	137.1	137.2	135.7

*Indexes on 1926-1928 base were: April 22, 1944, 106.6; April 15, 106.8; and April 24, 1943, 105.7.

Market Value Of Stocks On New York Stock Exchange Higher On March 31

As of the close of business March 31, there were 1,243 stock issues aggregating 1,492,248,939 shares listed on the New York Stock Exchange with a total market value of $49,421,855,812. This compares with 1,240 stock issues, aggregating 1,491,580,259 shares, with a total market value of $48,494,092,518 on Feb. 29.

In making public the Mar. 31 figures the Stock Exchange further said:

As of the close of business Mar. 31, NYSE members total net borrowings amounted to $747,461,221 of which $487,310,671 represented loans which were not collateralized by U. S. Government issues. The ratio of the latter borrowings to the market value of all listed stocks, on that date, was therefore, 0.99%. As the loans not collateralized by U. S. Government issues include all other types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and their total market value.

In the following table listed stocks are classified by leading industrial groups with the aggregate market value and average price for each:

	Mar. 31, 1944		Feb. 29, 1944	
	Market Value $	Av. Price $	Market Value $	Av. Price $
Amusement	550,610,687	23.76	521,491,820	22.51
Automobile	4,250,812,974	35.18	4,080,762,172	33.79
Aviation	593,643,086	16.76	607,203,350	17.15
Building	567,080,387	27.21	557,799,534	26.76
Business and Office Equipment	434,911,635	33.66	412,941,844	31.96
Chemical	6,025,907,063	62.80	5,911,910,832	61.68
Electrical Equipment	1,589,150,149	38.84	1,556,672,721	38.05
Farm Machinery	787,986,996	57.59	778,864,548	56.92
Financial	986,748,689	20.15	968,479,626	19.39
Food	3,202,514,291	38.30	3,126,662,339	37.43
Garment	45,744,662	27.36	45,445,586	27.18
Land & Realty	34,790,487	7.15	29,542,107	6.07
Leather	243,905,112	28.94	243,159,025	28.85
Machinery & Metals	1,748,571,529	24.40	1,677,737,684	23.83
Mining (excluding iron)	1,386,348,539	22.50	1,371,623,101	22.26
Paper & Publishing	512,673,486	21.97	502,656,619	21.54
Petroleum	6,067,014,808	29.89	5,967,944,656	29.41
Railroad	3,924,384,903	36.49	3,843,937,174	35.74
Retail Merchandising	2,673,568,880	36.73	2,624,039,683	36.05
Rubber	604,487,369	56.85	572,871,142	53.88
Ship Building & Operating	99,889,248	18.11	97,236,908	17.63
Shipping Services	17,585,580	10.20	17,770,387	10.30
Steel, Iron & Coke	2,167,636,674	42.85	2,151,472,947	42.53
Textiles	525,293,099	35.11	512,872,142	34.25
Tobacco	1,272,098,711	46.71	1,252,843,117	46.01
Utilities:				
Gas & Electric (Operating)	2,237,881,937	21.62	2,243,349,880	21.67
Gas & Electric (Holding)	1,238,265,265	12.57	1,210,513,607	12.29
Communications	3,704,385,256	87.91	3,712,792,304	88.28
Miscellaneous Utilities	117,491,766	20.11	117,938,653	20.18
U. S. Cos. Operating Abroad	797,056,498	23.42	776,029,713	22.81
Foreign Companies	859,331,175	21.24	846,187,233	20.91
Miscellaneous Businesses	154,074,911	26.25	153,329,059	26.12
All Listed Stocks	49,421,855,812	33.12	48,494,092,518	32.51

We give below a two-year compilation of the total market value and the average price of stocks listed on the Exchange:

	Market Value $	Average Price $
1942—		
Mar. 31	32,844,183,750	22.36
Apr. 30	31,449,206,904	21.41
May 29	32,913,725,225	22.40
June 30	33,419,047,743	22.73
July 31	34,443,805,860	23.42
Aug. 31	34,871,607,323	23.70
Sept. 30	35,604,809,453	24.20
Oct. 31	37,727,599,526	25.65
Nov. 30	37,374,462,460	25.41
Dec. 31	38,811,728,666	26.39
1944—		
Jan. 30	41,410,585,043	28.16
Feb. 27	43,533,661,753	29.61
Mar. 31	45,845,738,377	31.20

	Market Value $	Average Price $
1943—		
Apr. 30	46,192,361,639	31.45
May 29	48,437,700,647	32.96
June 30	48,878,520,886	33.27
July 31	47,577,989,240	32.17
Aug. 31	47,710,472,858	32.04
Sept. 30	48,711,451,018	32.82
Oct. 30	48,178,040,869	32.44
Nov. 30	45,101,778,943	30.33
Dec. 31	47,607,294,582	31.96
1943—		
Jan. 31	48,396,650,695	32.47
Feb. 29	48,494,092,518	32.51
Mar. 31	49,421,855,812	33.12

Bankers' Dollar Acceptances Outstanding On March 31 Decrease To $129,358,000

The volume of bankers' dollar acceptances outstanding on March 31 amounted to $129,358,000, an increase of $5,414,000 from the Feb. 29 total, according to the monthly acceptance survey issued April 11 by the Federal Reserve Bank of New York. As compared with a year ago, the March 31 total represents a loss of $460,000.

In the month-to-month comparison, imports, domestic shipments, warehouse credits, dollar exchange, and those based on goods stored in or shipped between foreign countries were lower, while in the yearly analysis only credits for imports and exports were higher.

The Reserve Bank's report follows:

BANKERS DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES BY FEDERAL RESERVE DISTRICTS

Federal Reserve District—	Mar. 31, '44	Feb. 29, '44	Mar. 31, '43
1 Boston	$20,780,000	$22,793,000	$24,129,000
2 New York	80,065,000	81,299,000	75,663,000
3 Philadelphia	6,073,000	6,709,000	5,121,000
4 Cleveland	1,058,000	958,000	2,024,000
5 Richmond	2,120,000	2,025,000	2,597,000
6 Atlanta	3,769,000	3,777,000	2,564,000
7 Chicago	4,841,000	5,067,000	4,961,000
8 St. Louis	396,000	449,000	676,000
9 Minneapolis	27,000	52,000	204,000
10 Kansas City	------	------	------
11 Dallas	445,000	477,000	867,000
12 San Francisco	9,784,000	11,166,000	11,012,000
Grand Total	$129,358,000	$134,772,000	$129,818,000

Decrease for month $5,414,000 Decrease for year $460,000

ACCORDING TO NATURE OF CREDIT

	Mar. 31, '44	Feb. 29, '44	Mar. 31, '43
Imports	$79,434,000	$82,905,000	$68,740,000
Exports	12,380,000	11,717,000	11,614,000
Domestic shipments	11,254,000	10,481,000	12,990,000
Domestic warehouse credits	19,622,000	21,243,000	26,268,000
Dollar exchange	75,000	129,000	315,000
Based on goods stored in or shipped between foreign countries	6,593,000	8,297,000	9,891,000

BILLS HELD BY ACCEPTING BANKS

Own bills $52,122,000 Bills of others $47,525,000 Total $99,647,000
Decrease for month $6,078,000

CURRENT MARKET RATES ON PRIME BANKERS ACCEPTANCES APRIL 11, 1944

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	½	7/16
60	½	7/16
90	½	7/16
120	9/16	½
150	⅝	9/16
180	⅝	9/16

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since April 30, 1941:

1941—	$	1942—	$	1943—	$
Apr. 30	219,561,000	Apr. 30	177,293,000	Apr. 30	128,350,000
May 31	215,005,000	May 29	173,906,000	May 29	135,815,000
June 30	212,932,000	June 30	162,849,000	June 30	139,846,000
July 31	209,899,000	July 31	156,302,000	July 31	138,692,000
Aug. 30	197,472,000	Aug. 31	139,304,000	Aug. 31	130,244,000
Sept. 30	176,801,000	Sept. 30	123,494,000	Sept. 30	117,016,000
Oct. 31	184,806,000	Oct. 31	118,581,000	Oct. 30	114,883,000
Nov. 29	193,590,000	Nov. 30	116,067,000	Nov. 30	111,289,000
Dec. 31	194,220,000	Dec. 31	118,039,000	Dec. 31	116,814,000
1942—		1943—		1944—	
Jan. 31	197,278,000	Jan. 30	119,682,000	Jan. 31	120,497,000
Feb. 28	190,010,000	Feb. 27	127,062,000	Feb. 29	134,772,000
Mar. 31	182,675,000	Mar. 31	129,818,000	Mar. 31	129,358,000

Civil Engineering Construction $51,425,000 For Week

Civil engineering construction volume in continental United States totals $51,425,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 56% higher than in the preceding week, but 38% lower than in the corresponding 1943 week as reported to "Engineering News-Record" and made public on April 20. The report went on to say:

Private construction tops last week by 115% and is 120% above last year. Public construction gains 49% over a week ago but is 45% under a year ago as a result of the decrease in Federal work,

The current week's construction brings 1944 volume to $568,425,000 for the 16 weeks of the period, a decrease of 51.5% from the $1,171,009,000 reported in 1943. Private work, $117,820,000, is 4% lower than in the period last year, and public construction, $450,605,000, is 57% lower due to the 11% decline in State and municipal work, and the 59% drop in Federal volume.

Civil engineering construction volumes for the 1943 week, last week, and the current week are:

	Apr. 22, '43	Apr. 13, '44	Apr. 20, '44
Total U. S. construction	$83,165,000	$32,915,000	$51,425,000
Private construction	3,616,000	3,695,000	7,939,000
Public construction	79,549,000	29,220,000	43,486,000
State and municipal	1,920,000	1,928,000	6,454,000
Federal	77,629,000	27,292,000	37,032,000

In the classified construction groups, gains over last week are in waterworks, bridges, industrial, commercial and public buildings, earthwork and drainage, and streets and roads. Increases over the 1943 week are in waterworks, bridges, industrial and commercial buildings, and streets and roads. Subtotals for the week in each class of construction are: waterworks, $583,000; sewerage, $255,000; bridges, $655,000; industrial buildings, $1,488,000; commercial buildings, $5,972,000; public buildings, $29,168,000; earthwork and drainage, $1,061,000; streets and roads, $6,509,000; and unclassified construction, $5,734,000.

New construction financing for 1944 to date, $364,638,000, is 22% 541,000. It is made up of $2,698,000 in State and municipal bond sales, $15,843,000 in corporate security issues, and $115,000,000 in Federal appropriations for FWA construction.

New construction financing for 1944 to date, $364,638,000, is 22% below the $468,845,000 reported for the corresponding 16-week period in 1943.

Publish Proceedings Of Air Commerce Forum

The record of the proceedings taken at the first Air Commerce Forum, held on March 28 at the Downtown Athletic Club under the auspices of the Aviation Section, New York Board of Trade, has been made available. It is pointed out that much interest has been taken in the subject matter because of the topic discussed, namely: "The Forwarders', Carloaders' and Customs Brokers' Place in Air Commerce." It is also stated that since this forum was the first of its kind in the Port of New York, the record of the discussions has been in demand by representatives of the participating and other interested industries such as foreign freight forwarders, carloaders, customs brokers, air cargo shipping companies, the air lines, banks, underwriters, processors and packagers, research specialists, export managers, industrial shippers, trade organizations, water, motor and rail carriers, express companies, manufacturers of containers, etc. Copies of the proceedings may be secured from Daniel H. Ecker, Secretary of the Aviation Section, New York Board of Trade, 41 Park Row.

The Metropolitan Air Shipping Committee requested to be appointed under the direction of John F. Budd, Editor-Publisher of "Air Transportation Magazine" and Chairman of the Aviation Section, New York Board of Trade, by vote of those attending the First Air Commerce Forum has about been formulated and its personnel will soon be released. The Chairman is George F. Bauer, International Consultant on Air Commerce and Foreign Trade, 274 Madison Avenue, New York City, who was formerly associated with Air Cargo, Inc., and the Automobile Manufacturers Association. The address of the Metropolitan Air Shipping Committee will be 41 Park Row. Additional monthly Air Shipping and Air Commerce forums are being planned by the Aviation Section to be offered publicly with the cooperation of the Metropolitan Air Shipping Committee.

Final Figures On ⅞% Treasury Ctfs.

The final subscription and allotment figures with respect to the offering of ⅞% Treasury certificates of indebtedness of series B-1945 were made known on March 31 by Secretary of the Treasury Morgenthau. The offering of the certificates on March 22 was referred to in our issue of March 30, page 1335. The offering was open on an exchange basis to holders of Treasury certificates of indebtedness of series B-1944 maturing April 1, 1944; the subscription books were closed at the close of business March 25. The Treasury announced that the subscriptions to the $5,251,000,000 exchange offering totaled $4,876,511,000, leaving $374,489,000 of the maturing issue to be redeemed for cash. The exchange was on a par-for-par basis with no cash subscriptions accepted.

Subscriptions and allotments were divided among the several Federal Reserve Districts and the Treasury as follows:

Federal Reserve District—	Total Subscriptions Received and Allotted
Boston	$229,607,000
New York	2,547,443,000
Philadelphia	154,535,000
Cleveland	247,362,000
Richmond	97,397,000
Atlanta	141,174,000
Chicago	586,698,000
St. Louis	140,808,000
Minneapolis	111,352,000
Kansas City	145,803,000
Dallas	101,346,000
San Francisco	370,028,000
Treasury	2,958,000
Total	$4,876,511,000

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration for War, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended April 15, 1944 is estimated at 11,730,000 net tons, a decrease of 290,000 tons, or 2.4%, from the preceding week. Production in the corresponding week of 1943 amounted to 11,818,000 tons. Cumulative output of soft coal from Jan. 1 to April 15, 1944 totaled 186,055,000 tons, as against 181,571,000 tons in the same period last year, or a gain of 2.5%.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended April 15, 1944 was estimated at 1,208,000 tons, an increase of 80,000 tons, or 7.1%, over the preceding week. When compared with the output in the corresponding week of 1943, there was, however, a decrease of 127,000 tons, or 9.5%. The calendar year to date shows an increase of 1.6% when compared with the corresponding period of 1943.

The Bureau of Mines also reported that the estimated output of beehive coke in the United States for the week ended April 15, 1944 showed an decrease of 3,400 tons when compared with the production for the week ended April 8, 1944.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	April 15, 1944	April 8, 1944	April 17, 1943	*April 15, 1944	April 17, 1943	April 17, 1937
Total, incl. mine fuel	11,730,000	12,020,000	11,818,000	186,055,000	181,571,000	149,123,000
Daily average	1,955,000	2,003,000	1,970,000	2,060,000	2,006,000	1,655,000

*Revised.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	§April 15, 1944	¶April 8, 1944	April 17, 1943	April 15, 1944	April 17, 1943	April 20, 1929
*Total incl. coll. fuel	1,208,000	1,128,000	1,335,000	19,019,000	18,723,000	22,102,000
†Commercial produc.	1,160,000	1,083,000	1,282,000	18,260,000	17,974,000	20,511,000
Beehive coke—						
United States total	144,100	147,500	161,500	2,320,000	2,446,900	1,900,900

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended			
State—	April 8, 1944	April 1, 1944	April 10, 1943	April 10, 1937
Alabama	392,000	360,000	350,000	31,000
Alaska	5,000	5,000	5,000	3,000
Arkansas and Oklahoma	90,000	86,000	71,000	7,000
Colorado	170,000	180,000	137,000	75,000
Georgia and North Carolina	1,000	1,000	1,000	*
Illinois	1,507,000	1,303,000	1,528,000	445,000
Indiana	536,000	520,000	547,000	112,000
Iowa	50,000	50,000	58,000	10,000
Kansas and Missouri	187,000	192,000	158,000	63,000
Kentucky—Eastern	940,000	926,000	984,000	661,000
Kentucky—Western	342,000	297,000	304,000	72,000
Maryland	40,000	36,000	44,000	22,000
Michigan	2,000	6,000	4,000	2,000
Montana (bitum. & lignite)	90,000	96,000	74,000	31,000
New Mexico	40,000	38,000	37,000	32,000
North & South Dakota (lignite)	43,000	50,000	28,000	23,000
Ohio	635,000	636,000	679,000	261,000
Pennsylvania (bituminous)	2,922,000	2,871,000	2,937,000	1,738,000
Tennessee	142,000	142,000	153,000	34,000
Texas (bituminous & lignite)	4,000	4,000	3,000	15,000
Utah	125,000	123,000	116,000	36,000
Virginia	379,000	379,000	416,000	160,000
Washington	30,000	35,000	28,000	36,000
†West Virginia—Southern	2,130,000	2,150,000	2,355,000	1,503,000
‡West Virginia—Northern	1,040,000	1,002,000	976,000	400,000
Wyoming	177,000	191,000	177,000	87,000
§Other Western States	1,000	1,000	*	1,000
Total bituminous & lignite	12,020,000	11,680,000	12,170,000	5,860,000
¶Pennsylvania anthracite	1,128,000	1,285,000	1,330,000	1,641,000
Total, all coal	13,148,000	12,965,000	13,500,000	7,501,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral and Tucker counties. §Includes Arizona, California, Idaho, Nevada and Oregon. ¶Data for Pennsylvania anthracite from published records of the Bureau of Mines. *Less than 1,000 tons.

Wholesale Commodity Index Advanced 0.1% In Week Ended April 15, Labor Dept. Reports

Commodity prices in primary markets rose 0.1% during the week ended April 15 as a result of higher prices for farm products—especially hogs, eggs and citrus fruits, it was announced on April 20 by the U. S. Department of Labor, which adds:

"The increase brought the Bureau of Labor Statistics' all-commodity index of nearly 900 price series to 103.8% of the 1926 average. The general level of prices is only slightly higher (0.2%) than last month and 0.3% higher than at this same time last year." From the Board's announcement we also quote:

"**Farm Products and Foods**—Average prices for farm products rose 0.3% during the week and are at about the same level as last April. Egg markets continued upward with an increase of over 2% and citrus fruits were substantially higher seasonally. Prices of hogs advanced more than 1%, reflecting OPA action in allowing higher prices to producers in Iowa. Lower prices were reported for apples and potatoes, and for milk in the Chicago market.

"Slightly lower prices for fresh milk and flour during the week did not affect the general level of food prices as a group, and the Bureau's index remained unchanged at 105.0% of the 1926 average, 3% below the level of a year ago.

"**Industrial Commodities**—Industrial commodity markets continued relatively stable during the week ended April 15. Minor increases were reported in prices for bituminous coal in some areas. Quotations on lumber, gum and turpentine advanced fractionally while rosin declined."

The Department's announcement also contains the following notation:

Note—During the period of rapid changes caused by price controls, materials allocation and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) index numbers for the principal groups of commodities for the past three weeks, for March 18, 1944 and April 17, 1943, and the percentage changes from a week ago, a month ago and a year ago, and (2) percentage changes in subgroup indexes from April 8 to April 15, 1944.

WHOLESALE PRICES FOR WEEK ENDED APRIL 15, 1944

(1926=100)

						Percentage change to April 15, 1944 from—		
Commodity Groups—	4-15 1944	4-8 1944	4-1 1944	3-18 1944	4-17 1943	4-8 1944	3-18 1944	4-17 1943
All commodities	*103.8	*103.7	*103.6	*103.6	103.5	+0.1	+0.2	+ 0.3
Farm products	*124.5	*124.1	*123.9	*124.5	124.4	+0.3	0	+ 0.1
Foods	105.0	105.0	104.2	104.6	108.4	0	+0.4	— 3.1
Hides and leather products	117.6	117.6	117.5	117.6	118.4	0	0	— 0.7
Textile products	97.3	97.3	97.3	97.3	96.9	0	0	+ 0.4
Fuel and lighting materials	*83.6	*83.6	*83.6	*83.6	81.1	0	0	+ 3.1
Metals and metal products	*103.8	*103.8	*103.8	*103.8	103.9	0	0	— 0.1
Building materials	114.7	114.7	114.6	113.8	110.3	0	+0.8	+ 4.0
Chemicals and allied products	105.4	105.4	100.4	100.4	100.1	0	+5.0	+ 5.3
Housefurnishing goods	106.0	105.9	105.9	105.9	104.2	+0.1	+0.1	+ 1.7
Miscellaneous commodities	93.3	93.3	93.3	93.3	91.4	0	0	+ 2.1
Raw materials	*113.9	*113.6	*113.5	*113.9	112.8	+0.3	0	+ 1.0
Semimanufactured articles	93.5	93.5	93.5	93.5	93.0	0	0	+ 0.5
Manufactured products	*100.9	*100.9	*100.7	*100.6	100.8	0	+0.3	+ 0.1
All commodities other than farm products	*99.4	*99.4	*99.2	*99.2	99.0	0	+0.2	+ 0.4
All commodities other than farm products and foods	*98.5	*98.5	*98.3	*98.2	96.8	0	+0.3	+ 1.8

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM APRIL 8, 1944 TO APRIL 15, 1944

Increases			
Livestock and poultry	0.5	Grains	0.2
Other foods	0.4	Agricultural implements	0.1
Other farm products	0.3	Furnishings	0.1
Bituminous coal	0.2	Lumber	0.1
Decreases			
Dairy products	0.2	Cereal products	0.1

Final Subscription And Allotment Figures On Treasury Notes And Bonds

Secretary of the Treasury Morgenthau announced on March 20 final subscription and allotment figures with respect to the offering of 2½% Treasury Bonds of 1965-70, 2¼% Treasury Bonds of 1956-59 and 1½% Treasury Notes of series A-1948, which were offered on March 2 in exchange for securities of seven called or maturing issues. Of the $4,730,000,000 outstanding securities of these issues, $3,910,800,000, or about 83%, were exchanged as follows:

Description and Title—	Amount Exchanged
Treasury Issues:	
1% treasury notes of series B-1944	$482,635,900
3¼% treasury bonds of 1944-46	1,221,079,700
¾% treasury notes of series A-1944	269,194,300
Federal Farm Mortgage Corporation Issues:	
3¼% FFMC bonds of 1944-64	75,904,300
3% FFMC bonds of 1944-49	700,246,550
Reconstruction Finance Corporation Issue:	
1% RFC notes of series W	559,220,000
Home Owners' Loan Corporation Issues:	
3% HOLC bonds, series A-1944-52	602,519,250

Subscriptions and allotments of the new securities were divided among the several Federal Reserve Districts and the Treasury as follows:

Federal Reserve District—	Treasury Bonds of 1965-70	Treasury Bonds of 1956-59	Treasury Notes Series A-1948	Total Allotted
Boston	$3,866,000	$10,415,000	$71,234,000	$85,515,000
New York	18,931,500	24,939,000	2,824,308,000	2,868,178,500
Philadelphia	3,455,000	3,728,500	129,294,000	136,477,500
Cleveland	9,794,000	4,820,000	82,666,500	97,280,500
Richmond	4,393,000	22,510,000	25,242,500	52,145,500
Atlanta	2,282,000	1,110,000	35,634,000	39,026,000
Chicago	11,568,000	11,703,500	318,203,000	341,474,500
St. Louis	5,541,500	2,231,000	36,705,000	44,477,500
Minneapolis	1,986,000	2,714,000	40,539,000	45,239,000
Kansas City	7,596,500	3,123,500	77,942,000	88,662,000
Dallas	1,880,000	1,591,000	27,067,000	30,538,000
San Francisco	2,142,000	3,148,500	66,542,000	71,832,500
Treasury	1,105,000	1,014,500	7,834,000	9,953,500
Total	$74,540,500	$93,048,500	$3,743,211,000	$3,910,800,000

Details of the offering were given in our issue of March 9, page 1032.

Non-Ferrous Metals—Copper And Lead Sales At Peak — Large Tonnage Sold For May Shipment

"E. & M. J. Metal and Mineral Markets," in its issue of April 20, stated: "The monthly peak in sales volume for both copper and lead occurred during the last week, and tonnages sold point to a high level of activity for May. Substantial tonnages of the metals arriving from foreign sources will be required to round out domestic needs. Zinc business showed improvement. WPB officials look for zinc stocks to increase steadily this year, unless production meets with a setback because of the manpower situation. Labor shortages at smelters and refineries of all non-ferrous metals are just as serious as at the mines, producers claim. There were no price developments in major metals last week." The publication further went on to say in part as follows:

Copper

Sellers were busy taking care of May allocations, and available domestic copper for shipment next month was all sold or earmarked for sale as the week ended. Though demand was heavy, most sellers believe that total requirements for May will be somewhat smaller than those of March and April.

Manpower shortages are expected to cut into production as the year advances, but it is thought likely that part of the deficit will be offset by importing more copper from Canada and Africa. WPB is counting on obtaining 1,739,000 tons of new copper this year.

Lead

With the date at hand for determining the tonnage of foreign lead that is to be allotted for May shipment, consumers purchased domestic metal during the last week at a lively rate, in line with expectations. Sales for the week amounted to 13,353 tons, which compares with 6,262 tons in the previous week. Some April buying was in evidence to fill out special needs, but the bulk of the business booked last week involved May shipment metal. The May position appears to be more than 50% covered, calculating total requirements for the month at around 60,000 tons.

Since export restrictions have been eased moderately for supplying raw materials to most countries in South America, export business in lead and alloys containing lead has increased.

Zinc

Smelters operating in the United States produced 249,991 tons of slab zinc during the first three months of 1944, which compares with 244,324 tons in the Jan.-March period of 1943.

Myron L. Trilsch, assistant director of the Zinc Division, WPB, informed the members of the American Zinc Institute, meeting in St. Louis April 17 and 18, that estimated supplies of zinc for the second quarter are expected to exceed requirements by some 40,000 tons. For the year 1944, WPB estimates a surplus of supply over requirements of about 146,000 tons, which added to the 156,000 tons on hand at the beginning of the year should find our stocks at approximately 302,000 tons at the end of the current year. He pointed out that the estimates do not take into account developments that might grow out of the manpower shortage. Production may possibly decrease by as much as 10%. Discontinuance of both exchange agreements and the redistilling of Prime Western into High Grade should be reflected in larger holdings of the ordinary grades. Emphasis at the beginning of our zinc program was directed toward increasing output of High Grade.

Tin

Production of tin at the Texas smelter is moving along more efficiently, authorities claim, because the metallurgical difficulties encountered in treating some of the low-grade concentrates are being overcome. Receipts of high-grade material have increased, including concentrate produced in the Belgian Congo. Production figures are not available.

Price developments in the metal are not likely to occur under prevailing conditions. Consumers are obtaining Grade A tin on the basis of 52¢ a pound. Futures were nominally as follows:

	April	May	June
April 13	52.000	52.000	52.000
April 14	52.000	52.000	52.000
April 15	52.000	52.000	52.000
April 17	52.000	52.000	52.000
April 18	52.000	52.000	52.000
April 19	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125¢ all week.

Quicksilver

Commeting on its quicksilver property at Pinchi Lake, Consolidated Mining & Smelting Co. of Canada reports that 1943 was a period of profitable operation. It was necessary to restrict development work, but several rich stopes were opened and diamond drilling gave excellent results. The ore reserve position at the end of the year was favorable. In spite of an easier supply situation in quicksilver, the company hopes that the property will continue to be competitive at the lower market price. Output of the Canadian producer was 22,133 flasks in 1943, against 13,621 flasks in 1942.

There were no market developments last week. Business was dull, and it appears that both buyers and sellers are marking time for conditions to improve. Quotations continued at $130 to $135 per flask, New York.

Silver

The London market for silver was unchanged at 23½d. throughout the week.

The New York Offiical for foreign, silver continued at 44¾¢, with domestic newly mined at 70⅝¢ an ounce troy.

Daily Prices

The daily price of electrolytic copper (domestic and export refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Daily Average Crude Oil Production For Week Ended April 15, 1944 Increased 16,050 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended April 15, 1944, was 4,432,150 barrels, a gain of 16,050 barrels per day over the preceding week, and 525,050 barrels per day in excess of the output for the corresponding week of last year. The current figure, however, was 9,350 barrels per day below the daily average figure recommended by the Petroleum Administration for War for the month of April, 1944. Daily production for the four weeks ended April 15, 1944, averaged 4,404,100 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,447,000 barrels of crude oil daily and produced 13,784,000 barrels of gasoline; 1,651,000 barrels of kerosene; 4,565,000 barrels of distillate fuel oil, and 8,933,000 barrels of residual fuel oil during the week ended April 15, 1944; and had in storage at the end of that week 88,778,000 barrels of gasoline; 6,477,000 barrels of kerosene; 30,561,000 barrels of distillate fuel, and 51,238,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations April	*State Allowables begin. Apr. 1	Actual Production Week Ended Apr. 15, 1944	Actual Production Change from Previous Week	4 Weeks Ended Apr. 15 1944	Week Ended Apr. 17, 1943
Oklahoma	328,000	328,000	†331,900	+ 1,100	330,800	339,850
Kansas	285,000	269,600	†272,300	+14,950	268,400	310,300
Nebraska	1,000		†1,200	----	1,200	2,150
Panhandle Texas			91,100	----	92,000	91,000
North Texas			143,850	----	143,200	134,950
West Texas			374,000	----	357,400	214,400
East Central Texas			127,250	----	121,900	99,700
East Texas			362,300	----	363,700	319,800
Southwest Texas			293,050	----	292,300	188,500
Coastal Texas			518,800	----	516,300	340,650
Total Texas	1,916,000	‡1,918,794	1,910,350	----	1,886,800	1,389,000
North Louisiana			76,050	+ 50	76,300	88,300
Coastal Louisiana			282,500	----	283,200	257,900
Total Louisiana	347,700	374,700	358,550	+ 50	359,500	346,200
Arkansas	76,700	78,591	79,600	+ 400	79,400	71,650
Mississippi	45,000		40,850	— 550	41,300	56,750
Alabama			50	— 50	50	----
Florida			50	----	100	----
Illinois	215,000		215,350	— 9,100	218,100	221,050
Indiana	13,600		14,000	— 900	14,100	14,250
Eastern— (Not incl. Ill., Ind., Ky.)	72,400		72,250	+ 2,750	71,900	75,850
Kentucky	23,000		22,100	+ 1,900	21,500	17,000
Michigan	53,000		52,550	+ 3,700	51,000	59,400
Wyoming	93,000		88,650	— 2,100	89,400	92,200
Montana	24,000		21,500	----	21,300	20,250
Colorado	7,000		8,500	— 200	8,400	6,450
New Mexico	111,700	111,700	112,900	----	112,900	97,250
Total East of Calif.	3,612,100		3,602,650	+11,950	3,576,200	3,119,600
California	829,400	§829,400	829,500	+ 4,100	827,900	787,500
Total United States	4,441,500		4,432,150	+16,050	4,404,100	3,907,100

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. April 13, 1944.

‡This is the net basic allowable as of April 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 19 days, the entire state was ordered shut down for 7 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 7 days shutdown time during the calendar month. §Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED APRIL 15, 1944

(Figures in Thousands of barrels of 42 Gallons Each)

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
			Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis					
*Combin'd: East Coast Texas Gulf, Louisiana Gulf, North Louisiana-Arkansas, and inland Texas	2,518	90.3	2,323	92.3	6,879	38,796	14,796	16,269
Appalachian— District No. 1	130	83.9	96	73.8	289	2,344	723	245
District No. 2	47	87.2	44	93.6	146	1,111	343	100
Ind., Ill., Ky.	824	85.2	734	89.1	2,568	20,348	4,966	2,661
Okla., Kans., Mo.	416	80.1	351	84.4	1,299	8,449	1,449	1,221
Rocky Mountain— District No. 3	8	26.9	11	137.5	35	76	20	32
District No. 4	141	58.3	102	72.3	309	2,117	356	519
California	817	89.9	786	96.2	2,259	15,537	7,908	30,191
Total U. S. B. of M. basis April 15, 1944	4,901	87.3	4,447	90.7	13,784	†88,778	30,561	51,238
Total U. S. B. of M. basis April 8, 1944	4,901	87.3	4,354	88.8	13,161	¶88,100	30,478	51,072
U. S. Bur. of Mines basis April 17, 1943			3,678		10,260	92,075	30,806	67,011

*At the request of the Petroleum Administration for War. †Finished, 77,142,000 barrels; unfinished, 11,636,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,651,000 barrels of kerosene, 4,565,000 barrels of gas oil and distillate fuel oil and 8,933,000 barrels of residual fuel oil produced during the week ended April 15, 1944, which compares with 1,434,000 barrels, 4,702,000 barrels and 8,541,000 barrels, respectively, in the preceding week and 1,461,000 barrels, 3,965,000 barrels and 7,868,000 barrels, respectively, in the week ended April 17, 1943. ¶Revised to 76,736,000 barrels and 11,462,000 barrels finished and unfinished, respectively, and on new basis to compare with current week 76,369,000 barrels finished and 11,731,000 barrels unfinished. This revision and change in basis affects the California district.

Note—Stocks of kerosene April 15, 1944 amounted to 6,477,000 barrels, as against 6,667,000 barrels a week earlier and 5,112,000 barrels a year before.

Trading On New York Exchanges

The Securities and Exchange Commission made public on April 15 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended April 1, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended April 1, (in round-lot transactions) totaled 1,809,445 shares, which amount was 17.13% of the total transactions on the Exchange of 5,281,510 shares. This compares with member trading during the week ended March 25 of 2,427,004 shares, or 16.81% of the total trading of 7,220,390 shares. On the New York Curb Exchange, member trading during the week ended April 1 amounted to 323,930 shares, or 15.40% of the total volume on that exchange of 1,051,465 shares; during the March 25 week trading for the account of Curb members of 364,255 shares was 14.30% of total trading of 1,273,965 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED APRIL 1, 1944

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	143,410	
‡Other sales	5,138,100	
Total sales	5,281,510	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	471,840	
Short sales	55,580	
‡Other sales	422,120	
Total sales	477,700	8.99
2. Other transactions initiated on the floor—		
Total purchases	260,620	
Short sales	17,040	
‡Other sales	285,770	
Total sales	302,810	5.33
3. Other transactions initiated off the floor—		
Total purchases	132,255	
Short sales	8,300	
‡Other sales	155,920	
Total sales	164,220	2.81
4. Total—		
Total purchases	864,715	
Short sales	80,920	
‡Other sales	863,810	
Total sales	944,730	17.13

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED APRIL 1, 1944

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	10,260	
‡Other sales	1,041,205	
Total sales	1,051,465	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	90,430	
Short sales	6,575	
‡Other sales	96,610	
Total sales	103,185	9.20
2. Other transactions initiated on the floor—		
Total purchases	26,200	
Short sales	400	
‡Other sales	23,630	
Total sales	24,030	2.39
3. Other transactions initiated off the floor—		
Total purchases	37,970	
Short sales	1,250	
‡Other sales	40,865	
Total sales	42,115	3.81
4. Total—		
Total purchases	154,600	
Short sales	8,225	
‡Other sales	161,105	
Total sales	169,330	15.40
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	47,734	
Total purchases	47,734	
Total sales	34,250	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Commercial Paper Outstanding

The Federal Reserve Bank of New York announced on April 18 that reports received by the bank from commercial paper dealers show a total of $194,800,000 of open market paper outstanding on March 31. This was a decrease of $18,900,000 as compared with the Feb. 29 figures of $213,700,000, and a decrease of $5,800,000 over the March 31, 1943, total of $200,600,000.

Following are the totals for the last two years:

	$		$
1944—		1943—	
Mar 31	194,800,000	Mar 31	200,600,000
Feb 29	213,700,000	Feb 27	209,100,000
Jan 31	208,900,000	Jan 30	220,400,000
1943—		1942—	
Dec 31	202,000,000	Dec 31	229,900,000
Nov 30	203,300,000	Nov 30	260,600,000
Oct 30	187,800,000	Oct 31	271,400,000
Sep 30	169,500,000	Sep 30	281,800,000
Aug 31	156,200,000	Aug 31	297,200,000
July 31	149,800,000	July 31	305,300,000
Jun 30	143,300,000	Jun 30	315,200,000
May 29	159,600,000	May 29	354,200,000
Apr 30	178,900,000	Apr 30	373,100,000

Earnings, Employment In Manufacturing At New Peaks In Feb.

Hourly and weekly earnings, as well as "real" weekly earnings in the 25 manufacturing industries surveyed each month by the National Industrial Conference Board rose to new peaks in February, according to an announcement by the Board on April 20. Wage rate increases averaging 8.7% were granted to 0.9% of the wage earners in these industries during the month. These increases averaged 0.1% for all workers in the branches covered, and were greater than in any other month since July, 1943. The Board also announced:

"The work week was longer in February than in any other month in recent years, but was shorter than that prevailing generally prior to May, 1930. Total man hours worked and total payrolls rose in February but were below the peaks reached in the latter part of 1943.

"At $1.048 hourly earnings were 0.2% above the January level, 6.7% above February, 1943, and 38.1% above January, 1941, the base date of the Little Steel formula. Weekly earnings at $48.16 were 1.3% above January, 9.8% above February, 1943, and 57.3% above January, 1941.

"'Real' weekly earnings, or dollar weekly income adjusted for changes in the cost of living, advanced 1.7% in February to a point 8.0% above February, 1943, and 30.8% above January, 1941.

"An increase of 0.5 hours, or 1.1%, in the length of the work week raised it to 45.7 hours which was 1.2 hours, or 2.7%, longer than in February, 1943, and 5.5 hours, or 13.7%, longer than in January, 1941.

"Total man hours worked rose 0.9% to bring the Board's index (1923=100) to 137.3 which was 2.6% higher than a year earlier, and 54.1% above January, 1941. The Board's payroll index, with the same base, at 267.5 in February was 1.1% higher than in January, 9.7% above February, 1943, and 113.1% above January, 1941."

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on April 15 a summary for the week ended April 8 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended April 8, 1944

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	13,493
Number of shares	369,806
Dollar value	$14,894,283
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	149
*Customers' other sales	15,664
Customers' total sales	15,813
Number of Shares:	
Customers' short sales	4,996
*Customers' other sales	366,829
Customers' total sales	371,825
Dollar value	$12,795,542
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	40
†Other sales	110,130
Total sales	110,170
Round-Lot Purchases by Dealers:	
Number of shares	113,780

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Revenue Freight Car Loadings During Week Ended April 15, 1944 Increased 10,641 Cars

Loading of revenue freight for the week ended April 15, 1944, totaled 799,965 cars, the Association of American Railroads announced on April 20. This was an increase above the corresponding week of 1943 of 19,057 cars, or 2.4%, but a decrease below the same week in 1942 of 46,540 cars or 5.5%.

Loading of revenue freight for the week of April 15, increased 10,641 cars, or 1.3% above the preceding week.

Miscellaneous freight loading totaled 373,420 cars, a decrease of 2,350 cars below the preceding week, and a decrease of 3,474 cars below the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 104,850 cars, a decrease of 3,754 cars below the preceding week, but an increase of 6,565 cars above the corresponding week in 1943.

Coal loading amounted to 164,647 cars, a decrease of 4,000 cars below the preceding week, and a decrease of 5,377 cars below the corresponding week in 1943.

Grain and grain products loading totaled 36,978 cars, a decrease of 3,139 cars below the preceding week and a decrease of 5,611 cars below the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of April 15 totaled 24,431 cars, a decrease of 2,585 cars below the preceding week and a decrease of 4,662 cars below the corresponding week in 1943.

Live stock loading amounted to 14,827 cars, an increase of 645 cars above the preceding week, but a decrease of 327 cars below the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of April 15, totaled 11,127 cars, an increase of 828 cars above the preceding week, but a decrease of 1,000 cars below the corresponding week in 1943.

Forest Products loading totaled 43,317 cars, a decrease of 2,424 cars below the preceding week but an increase of 1,916 cars above the corresponding week in 1943.

Ore loading amounted to 47,420 cars, an increase of 26,110 cars above the preceding week and an increase of 25,791 cars above the corresponding week in 1943.

Coke loading amounted to 14,506 cars, a decrease of 447 cars below the preceding week, and a decrease of 426 cars below the corresponding week in 1943.

All districts reported increases compared with the corresponding week in 1943 except the Eastern, Pocahontas, Southern, and Southwestern. All districts reported decreases compared with 1942 except the Southwestern.

	1944	1943	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
4 weeks of February	3,159,492	3,055,725	3,122,942
4 weeks of March	3,135,155	3,073,445	3,174,781
Week of Apjril 1	787,525	772,102	829,038
Week of April 8	789,324	789,019	814,096
Week of April 15	799,965	780,908	846,505
Total	12,467,938	12,003,010	12,645,841

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended April 15, 1944. During the period 66 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED APRIL 15

Railroads	Total Revenue Freight Loaded 1944	1943	1942	Total Loads Received from Connections 1944	1943
Eastern District—					
Ann Arbor	290	263	538	1,356	1,548
Bangor & Aroostook	2,048	1,655	2,543	302	257
Boston & Maine	6,649	6,037	7,870	15,192	14,869
Chicago, Indianapolis & Louisville	1,224	1,549	1,570	2,037	1,933
Central Indiana	28	46	40	28	51
Central Vermont	1,017	1,037	1,131	2,061	2,227
Delaware & Hudson	5,568	6,563	7,101	12,568	12,628
Delaware, Lackawanna & Western	7,068	7,605	8,645	10,924	12,204
Detroit & Mackinac	268	236	293	86	113
Detroit, Toledo & Ironton	1,638	1,764	1,931	1,275	1,483
Detroit & Toledo Shore Line	296	326	323	2,630	2,948
Erie	13,118	12,190	14,715	17,206	19,793
Grand Trunk Western	3,664	3,686	4,462	8,316	8,649
Lehigh & Hudson River	165	145	184	3,217	3,545
Lehigh & New England	1,865	2,049	2,363	1,780	1,780
Lehigh Valley	7,780	7,020	9,634	15,487	14,565
Maine Central	2,332	2,145	2,704	3,326	3,385
Monongahela	6,625	6,711	6,709	328	430
Montour	2,448	2,369	2,301	16	43
New York Central Lines	44,574	52,579	47,706	52,930	53,774
N. Y., N. H. & Hartford	10,331	9,893	11,872	18,220	19,251
New York, Ontario & Western	1,038	894	1,001	3,008	2,375
New York, Chicago & St. Louis	6,198	6,036	7,684	15,838	15,963
N. Y., Susquehanna & Western	448	632	535	2,269	2,073
Pittsburgh & Lake Erie	7,720	7,454	8,568	7,917	9,075
Pere Marquette	4,695	4,933	5,970	7,200	7,930
Pittsburg & Shawmut	642	758	774	16	21
Pittsburg, Shawmut & North	310	331	442	234	257
Pittsburgh & West Virginia	1,162	976	897	2,502	3,477
Rutland	349	342	483	1,037	977
Wabash	5,097	5,372	5,620	11,833	12,299
Wheeling & Lake Erie	4,944	4,759	4,972	4,089	5,420
Total	151,599	158,355	171,581	225,228	235,393
Allegheny District—					
Akron, Canton & Youngstown	718	738	672	1,441	1,213
Baltimore & Ohio	41,414	40,509	40,376	27,647	29,304
Bessemer & Lake Erie	3,594	2,731	5,443	1,716	1,605
Buffalo Creek & Gauley	332	295	314	3	4
Cambria & Indiana	1,523	1,923	1,889	13	14
Central R. R. of New Jersey	6,810	6,623	7,995	19,337	22,387
Cornwall	527	690	672	55	106
Cumberland & Pennsylvania	224	232	282	25	13
Ligonier Valley	130	146	142	46	42
Long Island	1,152	1,240	841	3,401	3,827
Penn-Reading Seashore Lines	1,801	1,706	1,733	2,502	3,091
Pennsylvania System	80,260	77,234	82,840	66,845	68,325
Reading Co.	14,634	15,967	17,083	27,652	29,447
Union (Pittsburgh)	20,076	20,464	21,251	4,832	4,103
Western Maryland	4,325	4,049	4,229	13,056	13,311
Total	177,520	174,547	185,762	168,571	176,792
Pocahontas District—					
Chesapeake & Ohio	28,110	29,272	28,143	13,281	13,753
Norfolk & Western	20,594	22,771	24,069	7,257	7,398
Virginian	4,078	4,779	4,784	2,223	2,076
Total	52,782	56,822	56,996	22,761	23,227
Southern District—					
Alabama, Tennessee & Northern	392	264	352	463	292
Atl. & W. P.—W. R. R. of Ala	843	821	924	2,672	2,587
Atlanta, Birmingham & Coast	782	756	781	1,666	1,396
Atlantic Coast Line	13,776	14,874	13,652	11,613	11,427
Central of Georgia	4,029	4,305	4,350	4,593	5,241
Charleston & Western Carolina	465	466	450	1,967	1,739
Clinchfield	1,583	1,629	1,765	3,328	2,768
Columbus & Greenville	240	328	388	248	220
Durham & Southern	118	98	194	717	456
Florida East Coast	4,289	2,742	2,086	1,826	2,120
Gainesville Midland	48	49	41	201	166
Georgia	1,336	2,601	1,436	2,578	2,289
Georgia & Florida	377	335	386	704	626
Gulf, Mobile & Ohio	3,992	3,795	4,889	4,274	5,033
Illinois Central System	26,211	25,768	28,121	16,990	17,333
Louisville & Nashville	24,428	24,865	27,638	11,422	11,110
Macon, Dublin & Savannah	142	195	171	1,150	927
Mississippi Central	319	254	183	578	462
Nashville, Chattanooga & St. L.	3,130	3,314	3,340	4,464	5,154
Norfolk Southern	1,022	1,129	1,359	1,785	1,437
Piedmont Northern	400	365	483	1,172	1,272
Richmond, Fred. & Potomac	437	403	573	11,337	10,932
Seaboard Air Line	10,623	11,280	11,134	9,419	8,553
Southern System	22,798	21,749	25,973	23,931	24,868
Tennessee Central	822	469	740	868	980
Winston-Salem Southbound	120	120	124	951	1,073
Total	122,722	122,974	131,534	120,917	120,461
Northwestern District—					
Chicago & North Western	17,299	17,209	21,368	13,275	11,902
Chicago Great Western	2,412	2,706	2,702	3,473	2,960
Chicago, Milw., St. P. & Pac.	19,152	19,087	20,058	9,811	10,849
Chicago, St. Paul, Minn. & Omaha	3,029	2,847	3,560	3,932	3,624
Duluth, Missabe & Iron Range	16,827	1,837	16,585	238	293
Duluth, South Shore & Atlantic	666	505	1,036	555	680
Elgin, Joliet & Eastern	8,365	8,472	10,144	11,073	10,835
Ft. Dodge, Des Moines & South	361	452	658	94	118
Great Northern	17,062	10,715	18,699	5,770	5,493
Green Bay & Western	467	465	563	928	908
Lake Superior & Ishpeming	1,778	471	1,991	65	41
Minneapolis & St. Louis	1,930	1,985	2,310	2,569	2,396
Minn., St. Paul & S. S. M.	5,722	5,395	6,642	4,106	2,753
Northern Pacific	9,759	9,251	10,815	5,419	5,210
Spokane International	112	124	119	586	704
Spokane, Portland & Seattle	2,510	2,369	2,668	2,742	3,052
Total	107,451	83,890	119,918	64,636	61,818
Central Western District—					
Atch., Top. & Santa Fe System	21,528	22,164	22,632	11,679	13,421
Alton	2,871	2,903	3,492	3,967	3,839
Bingham & Garfield	530	481	619	77	70
Chicago, Burlington & Quincy	17,841	16,658	15,739	11,420	11,306
Chicago & Illinois Midland	3,104	2,866	2,584	1,015	737
Chicago, Rock Island & Pacific	10,619	12,714	11,998	12,921	13,232
Chicago & Eastern Illinois	2,258	2,656	2,409	6,281	5,829
Colorado & Southern	642	705	915	2,035	1,832
Denver & Rio Grande Western	3,081	3,077	2,399	5,604	5,335
Denver & Salt Lake	709	577	371	15	22
Fort Worth & Denver City	783	868	990	1,349	2,165
Illinois Terminal	1,987	1,762	1,930	1,848	2,152
Missouri-Illinois	962	1,038	1,421	458	566
Nevada Northern	1,754	1,948	2,022	108	132
North Western Pacific	804	1,068	939	683	583
Peoria & Pekin Union	1	8	13	0	0
Southern Pacific (Pacific)	29,242	24,324	27,911	15,203	15,695
Toledo, Peoria & Western	294	259	297	1,884	1,653
Union Pacific System	14,359	13,177	15,003	16,022	14,874
Utah	528	576	366	4	6
Western Pacific	1,774	1,871	1,873	4,005	4,479
Total	115,671	111,700	115,923	96,578	97,928
Southwestern District—					
Burlington-Rock Island	277	1,037	161	458	255
Gulf Coast Lines	7,547	6,551	5,645	2,638	2,690
International-Great Northern	2,199	2,526	2,511	4,169	4,365
Kansas, Oklahoma & Gulf	274	352	223	1,080	922
Kansas City Southern	6,332	5,394	4,568	2,766	3,128
Louisiana & Arkansas	3,327	3,167	3,220	2,467	2,850
Litchfield & Madison	349	311	384	1,167	1,066
Midland Valley	702	649	596	422	343
Missouri & Arkansas	185	143	222	334	383
Missouri-Kansas-Texas Lines	6,013	5,846	6,647	4,413	7,302
Missouri Pacific	15,349	16,865	15,722	21,672	18,670
Quanah Acme & Pacific	118	62	104	282	404
St. Louis-San Francisco	7,894	8,513	8,090	9,362	7,967
St. Louis Southwestern	3,009	3,400	3,406	6,783	5,617
Texas & New Orleans	12,316	13,430	9,671	5,668	5,726
Texas & Pacific	6,227	4,259	4,049	8,155	7,688
Weatherford M. W. & N. W.	83	102	123	147	29
Wichita Falls & Southern	19	13	44	25	23
Total	72,220	72,620	64,791	72,008	69,434

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1944—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
Jan. 1	121,212	92,328	589,815	63	93
Jan. 8	160,567	138,381	612,043	86	86
Jan. 15	153,097	146,596	614,215	93	90
Jan. 22	131,940	140,457	602,930	93	91
Jan. 29	145,735	147,423	597,011	95	92
Feb. 5	185,069	151,102	628,048	97	93
Feb. 12	154,797	151,870	630,449	97	94
Feb. 19	130,252	148,533	609,429	96	94
Feb. 26	151,980	139,044	621,875	93	94
March 4	178,375	146,926	650,606	95	94
March 11	152,627	144,761	655,682	95	94
March 18	136,105	150,940	639,537	95	94
March 25	125,806	147,604	613,978	97	94
April 1	138,724	141,959	607,537	93	94
April 8	179,056	144,422	635,727	94	94
April 15	145,936	143,883	636,176	92	94

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

New York Acts To Keep 4-Fs In War Industry

Statewide measures to forestall any exodus from war industry of essential workers who have been reclassified 4-F after preinduction physical examinations, were announced on April 4 by Mrs. Anna M. Rosenberg, Regional Director of the War Manpower Commission.

Instructions issued by Mrs. Rosenberg to Area WMC Directors and offices of the United States Employment Service of the WMC throughout the state pointed out that the new Selective Service policy of giving immediate physical examinations to all men between 18 and 26 years of age will result in 4-F classification for some who have previously held 2-A or 2-B occupational deferments. It was indicated that some of this group, who may have felt that their classification up to now compelled them to stay in war work, might now be influenced by their 4-F classification to seek work in less essential activities.

To minimize this possibility, Mrs. Rosenberg said, essential employers througout the state will be asked to inform the War Manpower Commission whenever an employee who has been reclassified 4-F leaves his job without a Statement of Availability. These men will be checked by the War Manpower Commission to determine their employment status, and rigid adherence to the employment stabilization program of the WMC will be required. The stabilization program provides that a man who leaves essential employment without a Statement of Availability may not be engaged for other work for a period of sixty days.

Mrs. Rosenberg has instructed offices of the USES to scrutinize all requests for Statements of Availability to determine whether the applicants have recently been reclassified 4-F, and to take every precaution to avoid the movement of men in this group away from essential industry. "Any such movement could be disastrous to essential industry at the present time," she said. "It is of the utmost urgency that movement be in the opposite direction only—from non-essential industry into war jobs."

Mrs. Rosenberg called attention to General Hershey's appeal this week to 4-Fs "to come forward now to replace those who are fit for service and whose services the Army and Navy desperately need." She reminded the WMC field staff that all men of draft age, regardless of their draft classification, are required to notify their Selective Service local boards of any change of status or occupation, and that men who fail to do this are liable to severe penalties under the Selective Service Act.

Lumber Movement—Week Ended April 15, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 507 mills reporting to the National Lumber Trade Barometer were 2.5% above production for the week ended April 15, 1944. In the same week new orders of these mills were 13.8% greater than production. Unfilled order files of the reporting mills amounted to 125% of stocks. For reporting softwood mills, unfilled orders are equivalent to 41 days' production at the current rate, and gross stocks are equivalent to 31 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 8.6%; orders by 15.4%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 34.2% greater; shipments were 30.5% greater; and orders were 47.7% greater.

Items About Banks, Trust Companies

Harry E. Ward, Chairman of Irving Trust Co. of New York, announced the election on April 20 of John W. Moffett and Allyn W. Robbins of the Irving's personal trust division as Assistant Secretaries of the company. Mr. Moffett, who has spent his entire business career with the Irving, joined the trust division in 1922 after successive promotions in the banking departments. He is an honor graduate of the American Institute of Banking. Mr. Robbins, a graduate of Brown University and of Fordham Law School, has been with the Irving since 1936, serving in its investment and trust divisions.

Arthur S. Kleeman, President of the Colonial Trust Co. of New York, announces the promotion of Joseph M. Sullivan from Assistant Manager to Assistant Secretary and Assistant Treasurer. Mr. Sullivan is at the Rockefeller Center office.

DeCoursey Fales, President of The Bank for Savings in the City of New York, at 280 Fourth Ave., announces the election of Robert H. Craft as a trustee of the bank. Mr. Craft is Vice-President and Treasurer of the Guaranty Trust Co. of New York.

W. Palen Conway, Vice-Chairman of the executive committee of the board of directors of the Guaranty Trust Co. of New York, and Mrs. Conway were notified on April 20 by the War Department that their son, Major William P. Conway Jr., was killed in action in the Southwest Pacificc area on April 1. Major Conway was Staff Officer with the Weather Section Headquarters of the 13th Air Force in the Southwest Pacific. He was born on Aug. 4, 1914, at New Canaan, Conn., but lived most of his life in South Orange and Green Village, N. J. He was graduated from Princeton University in 1936, summa cum laude. Major Conway entered the employ of the Anaconda Copper Co. at Butte, Mont. Later he became a geologist for the Phillips Petroleum Co. in Louisiana and Texas. To prepare for his entrance into the armed services, Major Conway attended a special class in meteorology at New York University in 1941. Upon graduation he became a Second Lieutenant and shortly afterwards was assigned to the 17th Weather Squadron at McClellan Field, Sacramento, Calif., going overseas from there to the Southwest Pacific area in December, 1942.

Raymond E. Jones, Vice-President of Bank of the Manhattan Co. of New York, died suddenly on April 24 at La Jolla, Cal., while on a Pacific Coast trip. He was 59 years of age. Mr. Jones attended the New York public schools and was one of the first graduates of De Witt Clinton High School. He joined the Royal Bank of Canada at its New York agency in 1901 as junior clerk and 12 years later was appointed agent. After 16 years with the Royal Bank of Canada he was elected a Vice-President of the Merchants National Bank of New York and became its President on Jan. 16, 1919. He was, at that time, the youngest Bank President in New York, being only 33 years. Upon the merger of the Merchants National Bank with the Bank of the Manhattan Co. in 1920, Mr. Jones was elected First Vice-President of the combined institutions and for a number of years was a director of the Manhattan Co. For the past several years he has been in charge of the bank's branches throughout the city of New York.

For many years he has been active in the Reserve City Bankers Association and the American Institute of Banking and was known to the banking fraternity throughout the United States. Mr. Jones was a director of the Commonwealth Insurance Co., The Homeland Insurance Co. and for a number of years was a director and Treasurer of the Museum of the City of New York. His home was at Montclair, N. J., where he served as a trustee of the Montclair Academy. In 1937 Mr. Jones was honored by the Alumni Association of his old high school by being awarded a bronze plaque and citation that stated his activities in the business world had reflected great credit on the DeWitt Clinton High School.

Increase of the capital stock of Grace National Bank of New York to $2,000,000 was unanimously approved at a special meeting of the stockholders on April 25. The additional stock will be sold at $150 per share. Subscription warrants will be issued May 1 and will expire on May 31, 1944. Upon completion of the sale of the additional shares the bank's capital funds will be in excess of $5,100,000.

G. W. Felter, President of the Green Point Savings Bank of Brolyn, N. Y., announced that George E. Kirby has been appointed as Assistant Vice-President of the bank.

George J. Merked, Vice-President and Controller of the Bushwick Savings Bank of Brooklyn, N. Y., celebrated on April 5 his 50th year with the bank. A gold watch was presented to him by the board of trustees of the bank. Mr. Merked entered the bank on April 5, 1894, according to the Brooklyn "Daily Eagle," which states that on July 2, 1906, he was made Cashier, and on March 6, 1916, he was elected a trustee, becoming Third Vice-President on Feb. 6, 1922, and Vice-President and Controller on April 6, 1936.

Stanley H. Peacock, Secretary-Treasurer of the Fairport Savings and Loan Association of Rochester, N. Y., assumed on April 21 the office of President of the Monroe County League of Savings Associations.

Announcement is made by F. F. Brooks, President of the First National Bank of Pittsburgh, Pittsburgh, Pa., that Attorney Stanley Lyon has been added to the official staff of the trust department of the bank, having been appointed an Assistant Trust Officer. It is further announced that J. Judson Brooks and George S. Fichtel, Assistant Trust Officers, having entered the Navy and Army, respectively, the official personnel of the trust department for the present will be composed of the following officers: James B. Warden, Vice-President and Trust Officer; Stanley Lyon, Assistant Trust Officer: J. Edwin Wilson, Vice-President and Assistant Trust Officer; Ross W. Alexander, Assistant Vice-President and Assistant Trust Officer, and Charles L. Garson Jr., Assistant Cashier.

The Equitable Trust of Baltimore, Md., on April 10 announced the appointment of Miss Nancy Douglas Mitchell as an Assistant Trust Officer. Miss Mitchell, it is noted in the Baltimore "Sun," is the first woman officer appointed in the bank.

The board of directors of the Union Bank of Commerce of Cleveland, Ohio, announced on April 15 the election of John K. Thompson as President of the bank.

Holders of the 450,000 shares of The National City Bank of Cleveland, Ohio, common stock, who were given pro rata rights to subscribe for an aggregate of 112,500 additional shares at $30 per share, subscribed for 104,556 shares before the rights expired on April 18. The remaining 7,944 shares were sold by an underwriting group headed by Harriman Ripley & Co., Incorporated, and Merrill, Turben & So. Reference to the proposed increase in the bank's capital appeared in our issue of April 13, page 1544.

The National Boulevard Bank of Chicago, through its President, J. de Forest Richards, announced on April 17 that George A. Eastwood, President of Armour & Co., has been elected a director of the bank.

The Union Trust Co. of St. Louis, Mo., announced April 21 the following promotions: Fred A. Sheppard, Assistant Vice-President, and F. P. Boswell, Assistant Secretary of the bank.

The statement of condition issued by Wells Fargo Bank of San Francisco in response to a request made by the Superintendent of Banks, reveals total deposits of $442,700,442 on April 13, in comparison to $449,051,876 on Dec. 31, 1943. Bond holdings, which are chiefly Governments, total $310,837,417, compared with $303,769,853 at the year-end. Loans total $31,712,673, representing a decline of $6,482,062. Capital accounts amount to $18,658,207 and show an increase of $99,806 from Dec. 31. Cash on hand totals $116,736,570.

The United States National Bank of Portland, Oregon, reports in its official statement of condition, as of April 13, deposits of $402,596,592 as compared with deposits of $390,055,771 at the time of the Comptroller's call as of Dec. 31, 1943. Comparison of deposits with June 30, 1943, of $328,571,625 shows a gain of $74,024,967 in the period of approximately nine months. Resources at the time of the last call stand at $420,572,149.

Gehle Of Chase Bank In Government Post

The appointment by Secretary of the Treasury Henry Morgenthau, Jr., of Frederick W. Gehle, Vice-President of the Chase National Bank, of New York, as Executive Manager of the War Finance Committee for New York, was announced on April 18 by Nevil Ford, State Chairman. In his new position, Mr. Gehle will direct the activities of the 62 county organizations in the State of New York, comprising approximately 500,000 volunteer workers.

During the past four years, in addition to his banking duties, Mr. Gehle has taken a prominent part in war relief activities. He was associated with former President Herbert Hoover in conducting the Finnish relief campaign. In addition, he has served in an executive capacity with the British, Belgian, and Greek war relief campaigns. Born in London, Mr. Gehle came to this country as a boy of five. He was educated in Jersey City schools and at the New York University School of Commerce. Newspaper work first claimed his interest and he joined the old New York "Evening Post" as a copy boy, afterward progressing to reporter and Wall Street editor. Mr. Gehle entered the Mechanics & Metals National Bank in 1916 as publicity manager and became a Vice-President of that institution in 1922. After the Mechanics and Metals merger in 1926, he was appointed a Second Vice-President of the Chase National Bank, becoming President early this year.

At the same time Mr. Ford announced the appointment of William Richmond to the position of Deputy Executive Manager. Mr. Richmond, who joined the Defense Savings Staff in 1941, was previously an officer of the Guaranty Trust Company, with which he had been associated since 1920, for the latter part of the period as a specialist in government securities. He is a graduate of Harvard University and served as a First Lieutenant of Infantry during World War I. Before taking over the duties of his new office, he was executive assistant to Mr. Ford.

ABA Reiterates Opposition To Forcing Universal Par Clearance By Federal Law

The position taken by the Executive Council of the American Bankers Association on the Brown-Maybank bills now before Congress was indicated as follows at its meeting in Chicago, April 19:

1. The Brown-Maybank bills seek to correct a conflict which has arisen between Government supervisory authorities out of divergent interpretations of the law. This conflict has subjected many of the banks of the country to confusion and inequity in important aspects of their operations.

2. These divergent interpretations of the law by the Government supervisory agencies apparently can only be cured by Congress, putting into the law its own interpretations of what was meant by the payment of interest in the Banking Act of 1935. An interpretation of the law should not be left to regulations of Government agencies.

3. The Association believes that the Brown-Maybank bills should not be enacted because they constitute an inadequate and unsatisfactory solution of this difficulty.

4. We suggest legislation which would have three purposes:

(a) That Congress undertake to define in the law what is the payment of interest.

(b) That Congress state in the law limitations under which all insured banks may be permitted to absorb exchange charges only in incidental and minor amounts, and assure to the banks their right to perform other banking services to their depositors.

(c) To postpone for a reasonable period of time the effective date of the law relating to the absorption of exchange charges, thereby allowing for adjustments.

5. The Association reasserts its previous position in opposition to the forcing of universal par clearance by Federal law or regulation.

ABA Launching Program For Long-Term Loans

A. L. M. Wiggins, President of the American Bankers Association, made known on April 20 that a nation-wide program of encouraging term loans, backed where necessary by a credit pool, is about to be launched by the Association as a major contribution toward meeting the needs of business for money in its post-war period. This is learned from a special dispatch to the New York "Times" from Chicago, on April 20, which added:

"This step, which overrides the long-established policy of extreme liquidity based on 90-day commercial and other short-time paper, was revealed today by Mr. Wiggins after three days of conferences by its executive council.

"Mr. Wiggins said the proposal made through the council, had met widespread approval in banking circles, and that the details of a nationally adequate and well-staffed organization to put the program into effect would be revealed later.

"Mr. Wiggins, who has real contacts with the financial problems of little business enterprises in his bank in Hartsville, S. C., said the council had reached a unanimous decision that the best field of employment for idle banking capital was in the field of loans, ranging as long as 10 years. To enable the banks in the small communities to obtain a proper share of such loans, he said, the ABA proposed a credit pool system operating on national, regional and local bases.

" 'We believe that we can compete favorably with Government lending agencies in the matter of money rates on loans of this type,' Mr. Wiggins said. 'We will make no attempt, however, to extend "social" or "political" credit. In private lending you must expect to get your money back.'

"Deploring the 'increased risklessness' of banking, in which assets are largely invested in Government bonds and loans guaranteed by Government agencies, the South Carolina banker went on to say:

" 'We have under way a definite plan and program to mobilize banking facilities, set up the machinery to facilitate such loans and educate farmers in the way the loans should be handled safely.' "

Average N. Y. Savings Account Over $1,000

Despite the payment of record breaking Federal income taxes the depositors in the savings banks of New York State, the Savings Banks Association of New York State reports, added $56,648,712 to their accounts during the month of March—a larger gain than in either January or February and one which brings the deposit gain for the first quarter of the year to $154,804,106 and total deposits to an all-time high of $6,321,877,379.

This deposit gain was coupled, according to the figures released by the Savings Banks Association, with a gain in accounts for the first three months of the year of 65,584, bringing total accounts open to another new high of 6,297,073. On the basis of these figures the average account now stands at slightly over $1,000—the highest average balance in savings banks' history. War Bond sales for the first quarter totaled $82,488,288, bringing total new savings—in War Bonds and savings bank deposits—to more than a quarter of a billion dollars.

Butrick To Confer In N. Y. With Exporters

John F. Sinnott, Manager of the New York Regional Office of the Department of Commerce, has announced that Richard P. Butrick, Counselor of Embassy for Economic Affairs, who recently returned from Santiago, Chile, will visit New York during the period from April 24 to 28 inclusive and will be available for trade conferences with exporters at the Department of Commerce office at 130 West 42nd Street. Mr. Butrick, one of the foreign trade experts of the American Foreign Service, for many years prior to serving in Chile was in charge of the commercial work of the American Consulate General at Shanghai, China. His visit here, following that of Barry T. Benson, Commercial Attache of the American Embassy at Bogota, Colombia, marks the resumption of conferences between returning American Foreign Service Officers and businessmen interested in foreign trade, which were interrupted by the war. These conferences are arranged by the Department of State and the Department of Commerce in line with the policy of these departments to make available all possible information concerning foreign markets and the post war needs of other countries.